HENDERSON ON GINGRICH'S GREEN BRIGADES • POSTREL ON DOLE'S CHARACTER ISSUES

REASON

Free Minds and Free Markets®

October 1996

OUR TONGUE-TIED POLITICS

How the Federal Election Commission gags political speech

By Steven Hayward and Allison R. Hayward

RUSSIA, THE FUTURE, AND LEARNING FROM MISTAKES
An Interview with Cyberguru Esther Dyson

THE CEO vs. THE NUN:
Defending Silicon Valley morality (and what happened next)
By T. J. Rodgers

IS TV SEGREGATED?
By Nick Gillespie

TYRANNY WITH A MARKET FACE
By Christopher Lingle

MAKING AIRLINES SAFER
By Robert W. Poole Jr.

THE EVOLUTION OF CREATIONISM:
Michael Ruse on Phillip Johnson

$2.95/$3.50 CAN
10
0 71896 46530 3
46530
PRINTED IN USA

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The World's First...

1996 HALF-POUND "SILVER CERTIFICATE"

Shown smaller than actual size of 6"x2-5/8"!

The Washington Mint Announces the HISTORIC FIRST MINTING of an Extraordinary Eight Ounce Proof Struck from Pure Silver Bullion–Advance Price $149

The Washington Mint announces a limited advance minting of the world's first 1996 Half-Pound "Silver Certificate."

The 1996 Half-Pound "Silver Certificate" is a massive piece of pure silver bullion that has a surface area that exceeds 30 square inches and contains more than EIGHT OUNCES OF PURE SILVER BULLION.

And NOW, during a limited advance strike period, the VERY FIRST 1996 Half-Pound "Silver Certificates" ever struck are available at a special discount price – only $149!

PRECIOUS SILVER BULLION

A century ago, the Government of the United States issued remarkable legal tender notes that the bearer could exchange for actual silver dollars or silver bullion at the federal treasury.

The 1996 Half-Pound "Silver Certificate" is a stunning adaptation of the magnificent legal note that the Government issued in 1896 -- exactly one hundred years ago. But this exquisite silver proof is *actually struck in precious silver bullion!*

UNPRECEDENTED WEIGHT

The Half-Pound "Silver Certificate" combines unprecedented weight with extraordinary dimension – it is a landmark in proof minting.

The specifications for this colossal medallic proof are unparalleled. Each one:

- **Is Individually Struck from Pure .999 Silver Bullion**
- **Weighs Over One-Half Pound (8 troy ounces)**
- **Has a Surface Area That Exceeds 30 Inches**
- **Contains 248.82 Grams (3,840 grains) of Pure Silver**
- **Is Individually Registered and Numbered**

And only 25,000 Half-Pound "Silver Certificates" will be struck for 1996.

ADVANCE STRIKE DISCOUNT

The price for the 1996 Half-Pound "Silver Certificate" will be set at $175 per proof.

HOWEVER, IF YOU PLACE YOUR ORDER NOW, YOU CAN ACQUIRE THIS GIANT SILVER PROOF AT THE SPECIAL ADVANCE STRIKE DISCOUNT PRICE—ONLY $149. **NOTE TO COLLECTORS: IF YOU PLACE YOUR ORDER FOR THE HALF-POUND "SILVER CERTIFICATE" WITHIN THE NEXT 10 DAYS, IT WILL BE PROCESSED IMMEDIATELY, AND THE EARLIEST ORDERS WILL RECEIVE THE LOWEST REGISTRATION NUMBERS.**

ADDITIONAL DISCOUNTS

Substantial additional discounts are available for serious collectors who wish to acquire more than one of these exquisite silver proofs. You can order:

THREE Half-Pound "Silver Certificates" for $399.

FIVE Half-Pound "Silver Certificates" for $645.

TEN Half-Pound "Silver Certificates" for $1,195.

There is a limit of ten Half-Pound "Silver Certificates" per order, and all orders are subject to acceptance by The Washington Mint, LLC.™ Total charges for shipping, handling and insurance are limited to $9.50 per order.

ONLY 25,000 AVAILABLE

The Washington Mint will strike only 25,000 Half-Pound "Silver Certificates" for 1996, so oversubscription is a virtual certainty.

BEGINNING TODAY, TELEPHONE ORDERS ONLY WILL BE ACCEPTED ON A STRICT FIRST-COME, FIRST-SERVED BASIS ACCORDING TO THE TIME AND DATE OF THE ORDER.

CUSTOMERS ARE STRONGLY ADVISED TO SECURE THEIR RESERVATIONS IMMEDIATELY BY CALLING TOLL FREE:

1-800-926-MINT
Ext. 38440

(24 hours a day, 7 days a week)

A major credit card is necessary to secure your reservation, and The Washington Mint fully guarantees satisfaction with a money-back policy for a full 60 days.

The Washington Mint, LLC™

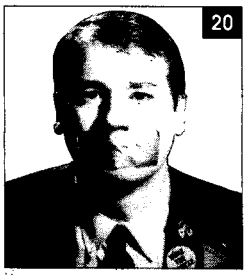
Since 1981, The Washington Mint has procured rare coins, secured bullion and struck medallions for the American numismatic public as an independent private mint, not affiliated with the United States Government. This independence provides the cornerstone for our commitment to excellence in both product and service, and most importantly, it guarantees to our customers essential rights and complete satisfaction.

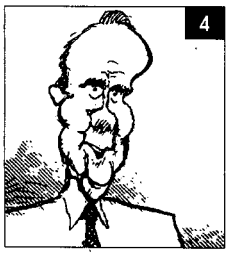
© 1996 The Washington Mint, LLC™ G6O2

REASON®

Free Minds and Free Markets®

October 1996/Vol. 28 No. 5





FEATURES

20 ■ Gagging on Political Reform
Steven Hayward and Allison R. Hayward
The Federal Election Commission and its "goo-goo" allies are crushing free speech.

28 ■ On the Frontier: An Interview with Esther Dyson
Virginia I. Postrel
The promise of unsettled territory—and the challenge of civilizing it.

36 ■ Profits vs. PC
T. J. Rodgers
A Silicon Valley CEO says no to boardroom quotas—on moral grounds.

EDITORIALS

4 ■ The Choice
Virginia I. Postrel
Bob Dole has character issues of his own.

7 ■ Safety Dance
Brian Doherty
Security is not only too expensive—it's impossible.

COLUMNS

44 ■ Regulation: Safety on the Fly
Robert W. Poole Jr.
Airline safety should be depoliticized.

46 ■ Singapore: Communitarian Capitalism
Christopher Lingle
How free is Singapore's "free market"?

48 ■ Television: Ratings Race
Nick Gillespie
TV viewing patterns go beyond black and white.

50 ■ Washington: Natural Lite
Rick Henderson
Fearing environmentalists, Newt Gingrich is pushing both bad policy and bad politics.

66 ■ Selected Skirmishes: Prime Time
Thomas W. Hazlett
Clinton's do-bad TV policy.

BOOKS

53 ■ Naturalistic Fallacy
Michael Ruse
Reason in the Balance: The Case Against Naturalism in Science, Law, and Education, *by Phillip Johnson*

58 ■ Coalition Politics
Charles Oliver
Active Faith: How Christians Are Changing the Soul of American Politics, *by Ralph Reed*

61 ■ Goodbye, Einstein
Kenneth Silber
The End of Science: Facing the Limits of Knowledge in the Twilight of the Scientific Age, *by John Horgan*

DEPARTMENTS

8 ■ Letters
Sensitive reactions, second opinions...

12 ■ Brickbats
The hand that saws and sues...

14 ■ Trends
Feigning training, party lines...

Cover photo: Holly Freedman

Reason (ISSN 0048-6906) is published monthly except combined August/September issue by the Reason Foundation, a nonprofit, tax-exempt organization, 3415 S. Sepulveda Blvd., Suite 400, Los Angeles, CA 90034-6064. Periodicals postage paid at Los Angeles, CA, and additional mailing offices. **POSTMASTER:** Send address changes to Reason, P.O. Box 526, Mt. Morris, IL 61054.

Copyright© 1996 by Reason Foundation. All rights reserved. Reproduction or use, without permission, of editorial or graphic content is prohibited. Reason and Free Minds and Free Markets are registered trademarks owned by the Reason Foundation.

SUBSCRIPTIONS: $26 per year. Outside U.S. add $8/year surface, $55/year airmail. Address subscription correspondence to Reason, P.O. Box 526, Mt. Morris, IL 61054, 815-734-1102. For address change (allow six weeks), provide old address and new address, including zip code. **UNSOLICITED MANUSCRIPTS** returned only if accompanied by SASE. **INDEXED** in Readers' Guide to Periodical Literature, InfoTrac, Historical Abstracts, Political Science Abstracts, America: History and Life, Book Review Index, and P.A.I.S. Bulletin. Available on microfilm from University Microfilms International, 300 North Zeeb Rd., Dept. P.R., Ann Arbor, MI 48106. **Printed in the United States.**

The Choice

By Virginia I. Postrel

Bob Dole has character issues of his own.

So many people have said so many bad things about Bob Dole's campaign for the presidency that it almost seems unfair to pile on. But it is necessary. There is more at stake than poor organization or an inept candidate.

Like the Democrats, the Republicans have chosen a nominee whose ambition surpasses his integrity, wisdom, or political principles. The former senator's campaign promises "a better man for a better America," carefully framing its slogan in relative terms. It desperately hopes that Bill Clinton's well-known character flaws will hide Bob Dole's.

Dole got the Republican nomination partly by virtue of his party's monarchical tendencies—it was "his turn"—and largely by playing dirty. In Iowa and New Hampshire, the Dole campaign used barrages of lies not only to stop Steve Forbes but to tear down the very idea of a flat tax. Iowans got bogus "polling" calls suggesting that the plan would hurt farmers. And Dole surrogate New Hampshire Gov. Steve Merrill made TV ads touting a pseudo-study declaring that the flat tax would destroy property values. All concerned knew those claims were bogus—a point made repeatedly in press coverage of the Merrill ads—but the lies continued.

The Republican Party is now reaping the consequences of rewarding those lies. Once Phil Gramm's candidacy collapsed, the destruction of the Forbes campaign ended any serious hope of slowing down Dole's march to the nomination. And by demagoguing the flat tax—a major Republican initiative hardly original to Forbes—Dole demonstrated that he valued his own political ambitions more highly than the ideas and principles associated with his party.

That is not, of course, very surprising. There is no reason to think Dole believes that the federal tax code should stop manipulating behavior or punishing success. To the contrary, Dole espouses the 1970s Republicanism of "got a problem, get a law—but talk fiscal responsibility." His long Senate career was marked by an agenda of regulation, transfers, and taxes. Dole's proudest legislative achievements were food stamps, an agriculture subsidy in the guise of an entitlement program; the Americans with Disabilities Act, a well-intentioned but utterly disastrous regulatory program whose intrusiveness is matched only by its vagueness; and "saving" Social Security through an enormous payroll tax increase in 1983.

This final accomplishment is particularly noteworthy, because of the way Dole brags about it—and because dealing with entitlements will be a major challenge over the next few years. Thanks to that whopping 1983 tax increase, he likes to note (without actually mentioning those taxes), Social Security is on solid ground until 2029. "Pretty good," he says. Yeah, assuming that you and all your friends will be dead by 2029. Those of us who have been paying those enormous taxes *all our working lives* will see the system run out of money years before we reach Dole's current age.

It is, of course, extremely unlikely that Clinton will ever muster the political courage to tell the truth about Social Security. But it is inconceivable that Dole will. He cannot even see the problem.

Dole simply had no business running for president at age 73. He cannot imagine the future and is out of touch with the political currents of the present. The problem is not his body but his mind. Like Clinton, he patronizes and panders, trying to be all things to all people. Lacking the president's deft touch at dissembling, however, he has managed to offend both sides on gun control, on abortion, on racial quotas. His on-again-off-again-on-again relationship with a donation from the Log Cabin Republicans, a gay group, demonstrated spinelessness surpassing even the president's. Oh yes, and now he says nice things about the flat (or flatter) tax. Why he's even made Jack Kemp his running mate—though the record suggests Dole loathes the man and his ideas. If you believe Dole's sincere about low taxes, perhaps you'll also believe the first lady got rich in cattle futures by reading *The Wall Street Journal.*

My seriously Republican friends are upset with me for pointing out these unpleasant truths in such bald terms—and for suggesting that Dole deserves to lose and lose badly. "Some of us think something is at stake in this election," said one.

And so, indeed, do I.

Assuming that Republicans hold on to Congress, thereby checking new schemes

CHIP BOK

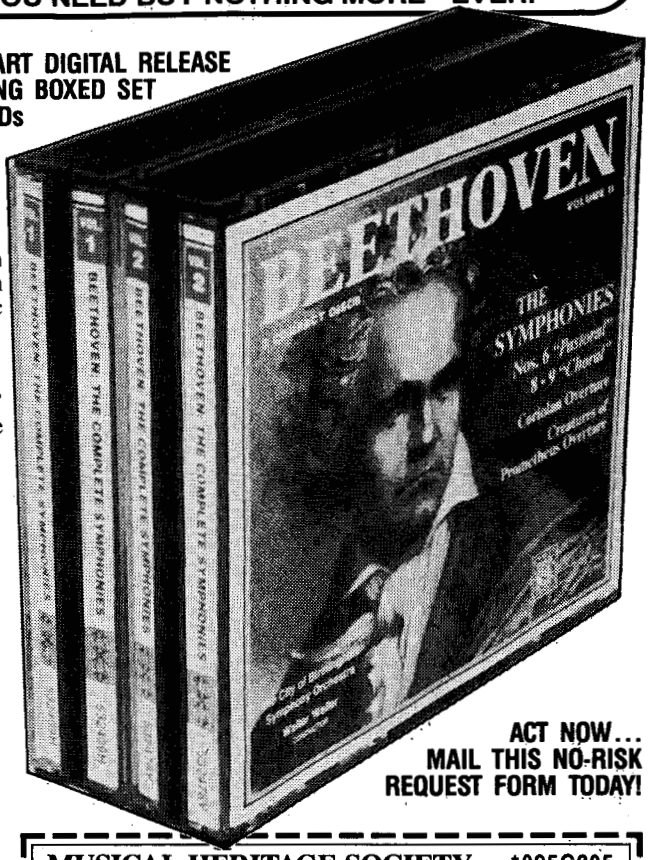
THE MUSICAL HERITAGE SOCIETY INVITES YOU TO ACCEPT

BEETHOVEN'S COMPLETE SYMPHONIES

A FULL $80.00 VALUE! **Yours** FOR ONLY **$5.95** PLUS SHIPPING & HANDLING

AND YOU NEED BUY NOTHING MORE - EVER!

A STATE-OF-THE-ART DIGITAL RELEASE IN A 6-RECORDING BOXED SET AVAILABLE ON CDs OR CASSETTES



This Splendid Collection of Beethoven's Complete Symphonies—in two boxed volumes and available on either six CD's or six Cassettes—is truly a treasure trove of magnificent music. A full $80.00 value, it can now be yours for only $5.95 plus shipping, as your no-risk introduction to the Musical Heritage Society. And you'll incur absolutely no obligation to buy anything ever again!

Volume One of these full digital recordings features six of Beethoven's symphonies: The First, Second, Third ("Eroica"), Fourth, Fifth and Seventh. Throughout both volumes, the world-renowned City of Birmingham Symphony Orchestra is in perfect form under the direction of Walter Weller, Gold Medal recipient from the Beethoven Society of Vienna for his interpretations of the master.

Volume Two presents works from Beethoven's mature period which innovatively bridge the transition from the late classical to the early romantic styles. Featured are two of the most famous pieces of international symphonic literature, the soothing "Pastoral" and the lofty "Ode to Joy" symphonies: The Sixth, in which the composer evokes tranquil images of his beloved countryside...and the mighty Ninth, surely one of the world's most profound and uplifting works of art.

Additional Symphonies presented are the Eighth and the first movement of the unfinished Tenth. Rounding off this collection are two overtures from the composer's earlier period. Surely this superb music belongs in every cultivated home. Order your set today!

ACT NOW... MAIL THIS NO-RISK REQUEST FORM TODAY!

Great Music, Great Artists, Great Prices! Society Recordings are Not Sold in Stores... They are Available to Members Only! And, Many are of Works Recorded for the First Time!

Yes, The Musical Heritage Society invites you to own this treasury of Beethoven's Complete Symphonies to demonstrate the benefits of membership...yet without obligating you to buy anything else, at any time!

Free Members-Only Magazine The Society's recordings are offered exclusively to members through the *Musical Heritage Review* at 3-week intervals (18 times a year). Each issue is chock full of superb selections at great prices.

Buy Only What You Want. If you want the Main Selections, do nothing; they'll come automatically. If you'd prefer an alternate selection or none are all, just mail the reply form always provided, by the date specified. You'll always have at least 10 full days to decide. If you don't, just return the recording at our expense, and owe nothing.

Satisfaction Is Guaranteed. There is nothing more to buy unless you want to. You may return any recordings for full credit. And you may cancel membership at any time.

Order Beethoven's Symphonies Now. "Walter Weller's Beethoven is by far his finest achievement... an exuberance, a sense of joyful adventure," says *The Guardian.* "You can't help being impressed with this ensemble's virtuosity, responsiveness, sumptuous sound and precision," says *CD Review.* And *The Citizen* adds, "Weller is a giant...overall excellence!"

Don't miss this wonderful opportunity. Send for your six-recording set of *Beethoven: The Complete Symphonies* right now!

MUSICAL HERITAGE SOCIETY *095G205
1710 Highway 35, Oakhurst, NJ 07755

☐ *YES!* I enclose $5.95. Please send the Society's recording of *Beethoven: The Complete Symphonies*—in either the CD or Cassette format I have checked at left below—and bill me later for shipping and handling. Enter my FREE magazine subscription and set up an account in my name. I understand that I may cancel at any time, and I incur no purchase obligation.

Send my Beethoven Set in this format:

☐ COMPACT DISC #547Y - $5.95
OR
☐ CASSETTE #548W - $5.95

NAME _____ (Please Print)

ADDRESS _____

CITY _____ STATE _____ ZIP _____

☐ Payment Enclosed ☐ Bill My Credit Card ☐ MC ☐ VISA ☐ AMEX

Card No. _____ Exp. Date: ___/___

Signature _____

☐ Please send FREE facts about Jazz Heritage, the no-purchase-obligation club for jazz lovers!

Limited to new members; one membership per family. We reserve the right to reject any application and to cancel any membership. Shipping, handling and applicable sales tax added to all orders. Offer valid only in the 48 connecting United States.

REASON

Publisher Robert W. Poole Jr.
Editor Virginia I. Postrel

Senior Editors
Charles Paul Freund, Nick Gillespie, Jacob Sullum
Washington Editor Rick Henderson
Assistant Editor Brian Doherty
Staff Reporter Ed Carson
Editorial Assistants Robert Honrado, Mary Toledo
Interns Marc Levin, Cosmo Wenman

Art Director Barb Burch
Webmaster Brian J. Taylor

Associate Publisher Bryan E. Snyder
Circulation Director Alyssa Garey

Contributing Editors
Ronald Bailey, Edith Efron, Glenn Garvin, Steven Hayward, Thomas W. Hazlett, David R. Henderson, John Hood, Brink Lindsey, Carolyn Lochhead, Loren E. Lomasky, John McClaughry, Deirdre N. McCloskey, Michael McMenamin, Charles Oliver, Thomas Szasz, Martin Morse Wooster, Cathy Young

Science Correspondent Michael Fumento

Cartoonists
Chip Bok, Henry Payne, Scott Stantis

Volunteer Anthony Brown

Legal Adviser Don Erik Franzen

Editorial and Production Offices
3415 S. Sepulveda Blvd., Suite 400
Los Angeles, CA 90034-6064
310-391-2245 Fax: 310-391-4395
http://www.reasonmag.com

Washington Office
1717 Pennsylvania Ave., NW, Suite 260
Washington, DC 20006
202-955-1324 Fax: 202-955-3187

Advertising Sales
The Townsend Group, Inc.
7514 Wisconsin Ave., #350
Bethesda, MD 20814
301-215-6710 Fax: 301-215-7704

Circulation Service
P.O. Box 526
Mt. Morris, IL 61054
1-888-REASON8

Founding Editors
Manuel S. Klausner, Tibor R. Machan, Robert W. Poole Jr.

Reason is published by the Reason Foundation, a 501(c)(3) nonprofit educational foundation. Contributions to the Reason Foundation are tax-deductible. Signed articles in *Reason* reflect the views of the authors and do not necessarily represent those of the editors, the Reason Foundation, or its trustees; articles should not be construed as attempts to aid or hinder the passage of any bill before any legislative body. The claims and opinions set forth in paid advertisements published in this magazine are not necessarily those of the Reason Foundation, and the publisher takes no responsibility for any such claim or opinion.

Audit Bureau of Circulations Member

Reason Foundation
Trustees
Harry E. Teasley Jr. (Chairman), Bernard Baltic, Thomas E. Beach, Frank Bond, William A. Dunn, Richard Fink, Neal I. Goldman, Stina Hans, Manuel S. Klausner, David H. Koch, Robert W. Poole Jr., Walter E. Williams

President Robert W. Poole Jr.
Senior Vice President Bryan E. Snyder
Vice President, Research Lynn Scarlett

for national health insurance and the like, the country can endure a second Clinton term with minimal damage. And Dole represents a sort of unprincipled, technocratic Republicanism that must be destroyed before we have any chance of seriously rolling back government. How it is destroyed matters, as does how that destruction is understood.

The quixotic Forbes campaign was significant in this regard, as was Ron Unz's even more unlikely gubernatorial primary challenge to Pete Wilson in 1994. These insurgencies, self-financed by wealthy men with ideas, represented a rebellion by the party's dynamic wing—that portion of the Republican coalition that embraces an open-ended future and leave-us-alone politics. It is this wing of the party that statists-to-the-core like Dole take for granted 90 percent of the time, only to turn to it in desperation when they face the general-election consequences of having jettisoned the most vital parts of the Republican coalition. You don't wind up 20 points down just because suburban women think Republicans are mean.

Putting Kemp on the ticket was supposed to convince enterpriser Republicans that Dole is one of them. This tactic treats the voters as complete saps, willing to believe simultaneously that Dole is in charge and that a vote for Dole is really a vote for Kemp. And Kemp himself is far from ideal. He appreciates entrepreneurship and incentives, the all-important feedback and experimentation that drive progress. But he still wants government to express good impulses, regardless of results, not enforce neutral rules. He won't let go. Republicans will have to wait at least another election cycle for a true dynamist champion.

IN THE MEANTIME, THERE IS THE LITTLE matter of 1996. That the Republican nominee can take his libertarian-leaning constituents for more-or-less granted says much about the substantive and political failures of the Libertarian Party. But it is for just such elections as this one that alternative parties exist.

Every four years, REASON runs an article about the L.P.'s presidential campaign and every such article contains a statement that isn't exactly right: It says that an ideological third party has two choices—running educational campaigns or running candidates to win. In fact, an alternative party is suited for neither task. As a political party, it tends to turn complex ideas into simplistic slogans, failing in its educational mission. And the mathematics of the American system create a two-party equilibrium, making it almost impossible for alternative parties to win partisan elections. (Nonpartisan local races are another matter.)

What a third party can do is, in George Wallace's old slogan, *Send them a message*. Sending a message means giving up fantasies of revolution. It means accepting politics as it is, not as you wish it were. It means recognizing that politicians, like rats in mazes, respond to incentives—and giving them an incentive to take your concerns seriously. It means using alternative parties to reward and punish the majors, and attracting voters who may not share an absolutist view of the world. It means running to influence, not to win.

That's what Ralph Nader is trying to do in California, as the Green Party's presidential candidate. He wants to push the Democrats to the left by costing them the nation's richest electoral prize. Running to influence is also what Perot did (unwittingly) in 1992. When millions tuned in to see his chart-filled speeches, the deficit suddenly went from a ritual invocation to a real concern. Most Perot voters knew he couldn't win, Many, in fact, didn't want him to. He is, after all, quite crackers. But because he had no chance, his personal failings didn't matter. A vote for Perot was simply a message.

So, too, are votes for minor parties or, for that matter, for Bill Clinton or Bob Dole. In a race as big as the U.S. presidential election, no one's vote counts. What counts is, in aggregate, the message. Barring unforeseen events, Dole will lose, and deservedly so. Then the question will be, What message did the voters send? And whom can't the parties afford to take for granted?

Safety Dance

By Brian Doherty

Security is not only too expensive—it's impossible.

A BOMB'S CONCUSSION TRIGGERS A burst of adrenaline. The blast of destruction from sources unknown inspires the classic "fight or flight" syndrome. Primal instincts reign; reason gets shoved back.

That makes it all the more vital that people stifle their immediate animal instincts and think about the lessons to be taken from America's two most recent high-profile domestic explosions—TWA Flight 800 and the Atlanta Olympics—and what should (and can) be meaningfully done in reaction.

The fear that bombings engender gets tangled with other emotions that similarly make cold reasoning tough: rage that anyone could get away with such an act, grief over the victims. Fear, rage, and grief make a tough combination to argue against; but in calmer moments people should realize that important decisions oughtn't be made under their thrall. President Clinton and Congress should keep that in mind when they squabble over newer, tougher anti-terrorist measures in the future.

The need for a rational response becomes clearer when you realize that, as of this writing and the wave of firm commitment to *do something* sweeping Washington, it's still unclear what caused the TWA 800 disaster. Yet all the legal responses contemplated assume that the terrorist bomb hypothesis is an established fact.

Similarly, the Olympic bombing, while obviously intended to cause terror, may not be the type of organized political terrorism that the wiretap and RICO-expansion elements of Clinton's hoped-for anti-terrorist bill are aimed at. If it turns out to have been the twisted act of a nutty loner—and America is not lacking in nutty loners—none of the contemplated expansions of police power would have prevented it.

To many people the main stumbling blocks in congressional debate over the terrorism bill may not seem a big deal: the ability to do roving wiretaps on individuals instead of on specific phone lines; 48-hour emergency privilege to wiretap without a warrant; chemical taggants in commercial explosives; more government infiltrators in ideologically suspect organizations.

Consider, however: Clinton's administration is already the wiretappinest in American history yet TWA 800 and the Olympic bombing still happened. Chemical taggants can identify sources only to manufacturer and general lot number, not specific culprits. Infiltrators have been known to encourage ideological nuts to violence they wouldn't otherwise have committed (aside from the very troublesome implications of being targeted for government inspection under false pretenses just because of your beliefs).

THE TOUGH FACT TO FACE IS THAT NOTHing—not "nothing short of totalitarianism," but really *nothing*—can reliably stop bombing attacks. We can pursue the chimerical goal of safety from bombs at great cost in freedom, in cash, in (much-maligned yet very important) convenience, but we will never, never achieve it.

Considering the easy availability of both material and knowledge to make bombs, and the prevalence of aggrieved humans, both here and abroad, it's quite remarkable that these attacks don't happen more often. The Unabomber has legions of ideological supporters; and whatever turns out to be the motive or gripe of the Olympic bomber (or the TWA bomber, if bomber it turns out to be), it's extremely unlikely he's alone in holding it.

It's tough to combat the mighty motivators of fear, rage, and grief with something as reputedly cold and dismal as economics. Yet Americans need to think economically when contemplating responses to the recent bombings.

Cost-benefit analyses can seem heartless, but in fact there is almost no goal so important for which any measure is appropriate or called for—not even saving lives. "If it saves one life, it's worth it," is a mantra so oft repeated (in all sorts of regulatory matters, not just ones involving terrorism) that it almost seems the new national motto.

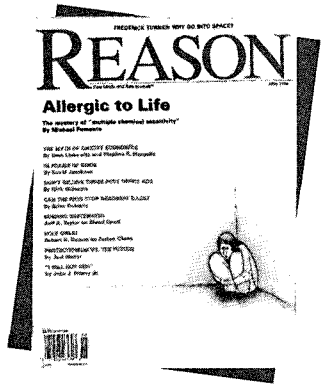
Adding hours to every airport wait for more thorough bag checking? Yet the people checking the bags may well be the weakest security link, as a July 29 *New York Times* article points out. If people really thought hours of their time were worth a tiny chance of increased safety or longer life, no one would ever drive a car.

Having one's bags searched by cops whenever entering a public square or gathering? We have legal protections against giving cops unlimited ability to search citizens to protect privacy and liberty. Our freedom and yes, even our convenience, are precious treasures, not worth trading for the magic beans of safety. Valuing convenience over safety may sound lazy and thoughtless. But convenience means the ability to manage our only real resource—our time—in our own way, economizing it as we see fit.

Terrorists prey on our fear; the government preys on both fear and hope. Is it only the guilty who should fear a new wave of hysterically enacted anti-terrorist and public safety provisions? No, and the innocent don't have anything to hope for from them, either. R

REASON Online News

REASON's Web site (www.reasonmag.com) now includes Virginia Postrel's *Forbes ASAP* columns, plus an expanded lineup of classic interviews. And you can now order copies of any book reviewed in REASON, books by interview subjects, and books by REASON authors. This service is provided by a partnership of REASON and Amazon.com, a virtual bookstore carrying over a million titles.



Sensitive Reactions

In "Sick of it All" (June), Michael Fumento did not discuss the connection between multiple chemical sensitivity and airway inflammation that has been documented by a number of investigators. A controlled study of chemically sensitive patients performed by Richard Doty and his collaborators at the University of Pennsylvania's Center for Taste and Smell Research found that these patients had increased nasal resistance relative to a control group. This observation led me to carefully examine the upper airways of the patients I saw with chemical sensitivity using a fiber optic laryngoscope, and every patient had gross inflammation on examination. To further investigate this issue, a research protocol was developed to perform nasal biopsies on MCS patients to see if a reason could be found for their heightened sensitivity to chemicals. The results were astonishing, for these patients have an increase in the nerve fibers in the upper airway that are known to respond to chemical irritants by producing inflammation. We also saw chronic inflammation, as well as gaps in the protective layer of cells lining the upper airway, so that the nerves can have an increased exposure to chemicals. Rebecca Bascom and her collaborators at the University of Maryland found in a controlled study that individuals with a sensitivity to environmental tobacco smoke developed increases in nasal resistance on exposure, but there was no change for the individuals in the control group.

The question can be turned around. Do people with airway inflammation (i.e., asthma and rhinitis) have chemical sensitivity? Surveys have found that asthma and rhinitis patients report exacerbations of their symptoms by the same chemicals the MCS patients complain of, such as tobacco smoke, perfumes, and pesticides. That some of these substances do indeed trigger changes in the airway has been proven in research studies. Further, it has been documented that a single acute high-dose exposure to irritating chemicals can produce asthma and/or rhinitis that is chronic and persistent, long after the exposure is over. Fumento's conclusion that individuals with chemical sensitivity are "trapped in a hell of their own—or their doctor's—creation" may apply to some individuals with chemical sensitivity, but it certainly does not apply to those who get severe respiratory tract inflammation when exposed to substances such as cigarette smoke and perfume.

William J. Meggs, M.D.
New York, NY

I thought we'd outgrown the dark ages that dismissed health-conscious, body-aware individuals as "hypochondriacs," accused sympathetic doctors of pampering them, and gave allergies, in particular, a bum rap. People have died of things that doctors dismissed as "psychosomatic."

For about 30 years I suffered from extreme cold sensitivity and from ridicule for wearing a mask or scarf outdoors. Cold still puts some limits on my life. I can tell you from experience, a mask-wearer is not hiding from life, but showing a lot of guts, getting out there and braving the ridicule.

Maybe some MCS sufferers are exaggerating or even imagining their problems. But maybe some aren't. Maybe the woman who hangs her mail out is really that sensitive to ink. I discovered I'm sensitive to standard newsprint ink; now I find I'm not alone, and our Austin newspaper and phone book have switched to hypo-allergenic ink.

Lynn Herrick
Austin, TX

Michael Fumento's article leaves readers with the impression that only liberals get MCS. Wrong. Nor does having MCS turn people into leftist environmentalists. The only thing MCS patients have in common is a belief that not enough is known about the impact that toxic chemicals have on human health, and that what is known is scary.

In addition, Fumento's story contained several factual errors. For example, there are more articles on MCS as a physiological illness in peer-reviewed medical and scientific journals than articles concluding MCS is psychogenic.

I also think Fumento confused MCS with chronic fatigue syndrome, which is diagnosed, in part, by a lack of objective medical findings. With few exceptions, in order to get a diagnosis of MCS, patients must have at least four positive tests of objective damage in more than one of the following areas: central nervous system, immune system, porphyrin biosynthetic pathway, lungs, sinuses, and peripheral nervous systems.

The World Health Organization workshop mentioned in the article was actually sponsored by the International Programme on Chemical Safety. In its report on the workshop, IPCS stated, "These conclusions and recommendations...do not necessarily represent the decisions or the stated policy of the United National Environmental Programme, the International Labour Organization, or the World Health Organization."

While this is not a mistake, I think since Fumento flaunted the supposed liberal bias of MCS supporters, he should have mentioned, at least in passing, the industry bias of Dr. Ronald E. Gots. Dr.

Communicate with REASON

We appreciate your letters, typed double-space and limited to 200 words. Letters sent to REASON will be considered for publication (unless otherwise noted) and may be subject to abridgment or editorial comment. Letters may be sent to EdReason@aol.com or mailed to:

3415 S. Sepulveda Blvd., Suite 400
Los Angeles, CA 90034-6064

Gots, under oath, did not dispute the fact that 95 to 100 percent of his time is spent working on behalf of industry. It is important that people know where everyone stands on the MCS issues because the tone of the controversy was set in 1991 by the Chemical Manufacturer's Association when it stated, "There is no doubt these patients are ill....The primary impact on society would be the huge cost associated with the legitimization of environmental illness."

There were many other factual distortions in Fumento's article, but I'm certain they were intentional and any attempt to set the record straight would simply fall on deaf ears.

Cynthia Wilson
Executive Director
Chemical Injury Information
White Sulphur Springs, MT

Michael Fumento makes many ill-founded remarks about the treatment of MCS by clinical ecologists and, while so doing, fails to draw attention to the parallels between the management of MCS, as he portrays it, and the diagnoses and treatment of several syndromes and diseases recognized by mainstream medicine.

Fumento insists, "The traditional definition of organic disease would lead us to expect a fairly narrow range of symptoms, of causes, and treatments. Furthermore, there should be biological tests to confirm the disease." He claims that "clinical ecologists and their supporters" sometimes arrive at an MCS diagnosis solely by a process of elimination. He finds this "unsatisfactory," as would we all. But why is Fumento talking about "organic disease"? Organic disease is defined as one producing or attended by alteration in the structure of an organ. It is *functional* disorders for which no biochemical or physiological explanation is known. Does Fumento mean to imply that MCS is organic, or is he just obfuscating?

This process of elimination is precisely how gastroenterologists and their supporters arrive at an irritable bowel syndrome diagnosis. Considering that IBS is the most frequent diagnosis given by gastroenterologists, one would expect Fumento to be even more outraged, but perhaps he is just too squeamish about such matters to allude to this obvious parallel.

Other common ailments for which there is no positive test or cure include excessive daytime sleepiness (EDS) and subjective tinnitus (ringing of the ear(s))—now there's one that's really all in your head, or is it? What arrogance it would take to tell someone with tinnitus that their ears weren't ringing because you couldn't test for it! Indeed, the psychological components ascribed to MCS sufferers have also been inflicted on those with IBS and EDS and IBS and EDS patients have also "bounced from doctor to doctor."

Until lactose and fructose intolerances were recognized, people with those conditions were diagnosed with IBS. This might well portend the future of MCS diagnoses.

Gerald J. Dunphy
Boulder, CO

Mr. Fumento replies: Now let me get this straight. I write a 7,000 word article packed with studies and other evidence that MCS is not an organic illness. I cite opinions to that effect from the California Medical Association Task Force, the American Academy of Allergy and Immunology, the American Medical Association Council on Scientific Affairs, The American College of Physicians, and the Ad Hoc Committee on Environmental Hypersensitivity Disorders established by the Minister of Health of Ontario, Canada. And Dr. Meggs thinks he's trumped me because of an eight-year-old study finding that subjects claiming to have MCS are more likely to have stuffed noses than control subjects. That study comprised all of 18 MCS subjects, hardly a large population. In any case, it would not be surprising to find that persons claiming to have MCS are more nasally sensitive. That would be the trigger that would begin them down the road to thinking they were allergic to everything in life, just as a single traumatic incident in childhood often triggers phobias. Further, the study also found, though Dr. Meggs neglects to tell us, that these people were more likely to suffer depression. As my article noted, many persons who believe they have MCS are probably just manifesting depression that could be readily treated with drugs, but instead they are locked into an unbreakable cycle when they go to clinical ecologists instead of a psychiatrist.

As to Professor Bascom's work, all that shows is that tobacco smoke adversely affects the nasal passages. Anybody whose ever been in a crowded bar could tell you that. But Dr. Meggs doesn't tell us how it relates to MCS.

The only other letter which so much as pretends to offer scientific evidence that MCS is anything other than a psychogenic (mentally induced) disorder is from Cynthia Wilson. It is Wilson who kindly provided me with the list showing that virtually any illness in the world is a symptom of MCS. She claims, "There are more articles on MCS as a physiological illness in peer-reviewed medical and scientific journals than articles concluding MCS is psychogenic." That's true, but only because clinical ecologists have set up journals of their own; mainstream medical journals treat them like the quacks they are.

Wilson also says that, "With few exceptions, in order to get a diagnosis of MCS, patients must have at least four positive tests of objective damage in more than one of" several specific areas. But as my article made crystal clear, there is no standard test for MCS, and diagnosis is often made simply by ruling out other illnesses, at which point a psychiatrist or psychologist would probably say the illness is psychogenic but the clinical ecologist labels it MCS. Considering the clinical ecologists I discussed who have diagnosed virtually every patient they have ever seen with MCS, it seems that probably the main "proof" that somebody has MCS is their entering the clinical ecologist's office.

Regarding Wilson's ad hominem attack on Dr. Ronald Gots, Gots says that perhaps 2 percent of his work deals with MCS—hardly the bread and butter of his occupation. On the other hand, the average clinical ecologist makes 100 percent

of his or her profit from MCS.

Lynn Herrick employs the false logic that since she was wrongly labeled a hypochondriac, then labeling other illnesses as psychogenic is also wrong. Her sensitivity to standard newsprint ink is an irritation, nothing more. It's like having your eyes water when you cut an onion.

Gerald Dunphy questions my use of the term *organic disease*, saying, "Organic disease is defined as one producing or attended by alteration in the structure of an organ" and that this isn't the issue. Actually, *Dorland's Illustrated Medical Dictionary* uses Dunphy's definition for "organic" but also lists "[a]rising from an organism" and "pertaining to substances derived from living organisms." In any case, "organic disease" is widely accepted as the alternative to "psychogenic disease," and thus appropriate to our discussion.

Dunphy cites irritable bowel syndrome, excessive daytime sleepiness, and subjective tinnitus, but these are all symptoms, not causes. The MCS doctor goes beyond that, saying "You have such-and-such symptoms *and* they're caused by such-and-such agents." That's completely different.

Second Opinions

"Cost-Conscious Care" (June) by David Jacobsen, a physician employed by Harvard Pilgrim Health Care in Boston, strikes me in the same light as a fox's affirmation of his qualification to guard the henhouse would. Dr. Jacobsen spends quite a bit of time noting how much money his HMO has saved in medical care costs. But the cost savings that he alludes to are by no means unique to managed care and, in fact, are being achieved by nearly all surgeons and physicians in the United States. In the same way that he takes umbrage that someone might accuse him of being unethical, we in the fee-for-service community take particular umbrage at the suggestion that we are absolutely insensitive to providing more care for less money.

Dr. Jacobsen then goes on to cite examples of how his HMO has economized in care and still maintained quality. He notes that he has cancer and says he would not go anywhere else for treatment. Having been a physician in an HMO, I can tell you that it is quite easy to "game" the system and that most physicians who are covered by, as well as employed by, HMOs very carefully choose to whom they would like to be referred, a privilege that does not accrue to the lay person enrolled in the same medical plan. Further, I believe that cost-cutting maneuvers such as employing a nurse to take asthma calls instead of a doctor and then stating that you have noted no decline in quality begs the question of whether one was trying to note a decline in quality in the first place.

Dr. Jacobsen then uses the recent example in *Time* to suggest that bone marrow transplantation is not appropriate for certain advanced diseases. I would refer Dr. Jacobsen to Tom Hazlett's article at the back of the same issue of REASON, "Risky Behavior." While it is true that bone marrow transplantation is being tried in a number of situations where it is not proven therapy, the essence of advancement in American medicine is that therapy must be tried against desperate illnesses to discover whether it will be useful. Under Dr. Jacobsen's plan for American medicine—complete managed care—I fear that innovation would stop cold in its tracks. Dr. Jacobsen is correct that medicine is not immune from the laws of economics and if no one is paid for trying anything innovative, eventually no one will try anything innovative.

Dr. Jacobsen's assertions that studies have consistently shown HMO patients are as satisfied as their fee-for-service counterparts is merely a case of picking one's favorite studies to quote. Quite a few studies show great patient dissatisfaction with HMOs, as Dr. Jacobsen knows. Furthermore, it again begs the question to obtain quotes from "HMO experts" as to whether or not patients are satisfied with HMO care.

Finally, we should return to Dr. Jacobsen's statement, "wishing that medicine could be exempt from the laws of economics does not make it so." The corollary rule in economics is that one serves he who pays. Dr. Jacobsen is paid by and is serving his HMO, whether or not he wishes to soothe his conscience by claiming to be a patient advocate. Until he looks to his *customer*, the patient, for payment, his caterwauling about quality, cost efficiency, and compassion will not sway me.

Readers of REASON would do well to consider the philosophic underpinnings of managed care, compare them with those of fee-for-service medicine, and decide whether a fee-for-service world will eventually give better medicine to the individual than a socialistic, monopolistic managed care world where the plan will choose what care is best for you.

Michael Schlitt, M.D.
Renton, WA

David Jacobsen defends HMOs from accusations of being "soulless" and says he "would not think of going anywhere else. I expect from my plan the same level of care as a patient that I have provided as a physician."

HMOs are no different from other forms of socialism in that the care that Dr. Jacobsen delivers and receives is centrally planned. If Dr. Jacobsen is on the HMO pharmaceutical committee and is outvoted for the drug he prefers, what does he tell his patients when they ask, "Is this the best treatment?" If he answers "no," then he could be fired for criticizing his employer. If he answers "yes," then he deserves to lose the trust of his patients.

Is there a place for HMOs in health care? I don't know, but I do know that the government should not encourage them. Our current tax code does this in two ways. First, tax subsidies encourage workers to choose job-based health insurance. Second, the income tax is anti-savings, and savings gives patients the money to pay for and thus control their own health care choices.

The easiest way to level the playing field of health care is to return to the vision of our founders: Repeal the 16th Amendment and replace the anti-savings income tax with the pro-savings national

sales tax. After this is done, Americans can rationally choose if they prefer corporate socialized medicine or patient-directed health care.

Bert A. Loftman, M.D.
Director of Health Care Reform
Citizens for an Alternative Tax System
Atlanta, GA

I'll bet Dr. Jacobsen is a physician I would be glad to call my own and that the utopia he describes in his HMO might occasionally be possible. I'll also bet it doesn't happen very often.

Medical care abuses occur because the patient is not spending his or her own money, and the managed care organization must find a way to restrain the patient's desires. This allows the organization to retain as much as 30 percent for distribution to stockholders and executives. (Recall that the money they spend on patient care is referred to as the "loss ratio.") This encourages veterinary medicine ethics in which the patient is handled like Rover—someone besides Rover decides on the care dispensed. It should also be noted that at least Rover has a loving master making the decision, while the hapless patient has a doctor whose bottom line depends on how little he spends on the patient.

Medicine should consist of exchanges between the interested and consenting parties: patient and doctor. This can be realized when insurers sell true insurance against catastrophe and patients, in concert with their doctors, decide how much of their own money to spend. Also, the government shouldn't compound the problem by pouring fuel (money) on the flames. Finally, the medical advances Dr. Jacobsen cites came about in spite of, not because of, managed care.

Gerald E. Sullivan, M.D.
Bowling Green, KY

Dr. Jacobsen replies: I regret that some readers may have interpreted my article as a blanket endorsement of all HMOs. The intent of my article, as stated in the title, was to show that cost control and quality are not contradictory concepts in health care. I offered my HMO as an example of an organization which, in my experience, is doing a superb job of providing quality, personal health care at lower cost.

"Managed care" is an unfortunate phrase to the extent that it implies that health care choices are being made by someone other than the patient and his health care provider. I have no "plan" for health care in the United States. I believe in a market system of evolutionary development in which consumers must be the ultimate arbiters. The challenge is to determine, to the best of our imperfect ability, what constitutes *optimal* health care for each of us; how much of this health care we *want*; and finally, how much we can *afford*. To the extent that government regulations, licensure requirements, and tax policies thwart this challenge, they ought to be abolished. The choice is not between HMOs and fee-for-service—these may well be just way stations in the evolution of health care delivery.

The question of innovation is an important and complex one. Certainly, the innovations I outlined are not unique to HMOs. No responsible health care delivery system can simply offer its patients or its providers a blank check to foray into the unknown and unproven at whim. Science demands evidence before it can embrace innovation as a standard of care. My HMO endows a large research fund to help us define such evidence. Innovation and cost-consciousness are certainly not incompatible.

Why do medical costs increase with improved technology? Not all do. The inguinal hernia repair is much cheaper now than it was 20 years ago. Before the development of the artificial hip joint, the cost of this procedure was zero. The current cost of hip replacement is a welcome increase. In between these examples is a muddle in which new procedures and new technology have added to medical costs without always improving medical care. Getting out of this muddle will require that consumers and providers inform themselves of the costs and benefits of medical care and make their own decisions.

IEA

Free Banking in Britain

Theory, Experience & Debate 1800-1845

LAWRENCE H. WHITE

In this second revised and expanded edition of his classic Professor White examines the theory and practice of privately issued currency, which in the age of 'smartcard' cash balances has taken on a new relevance.

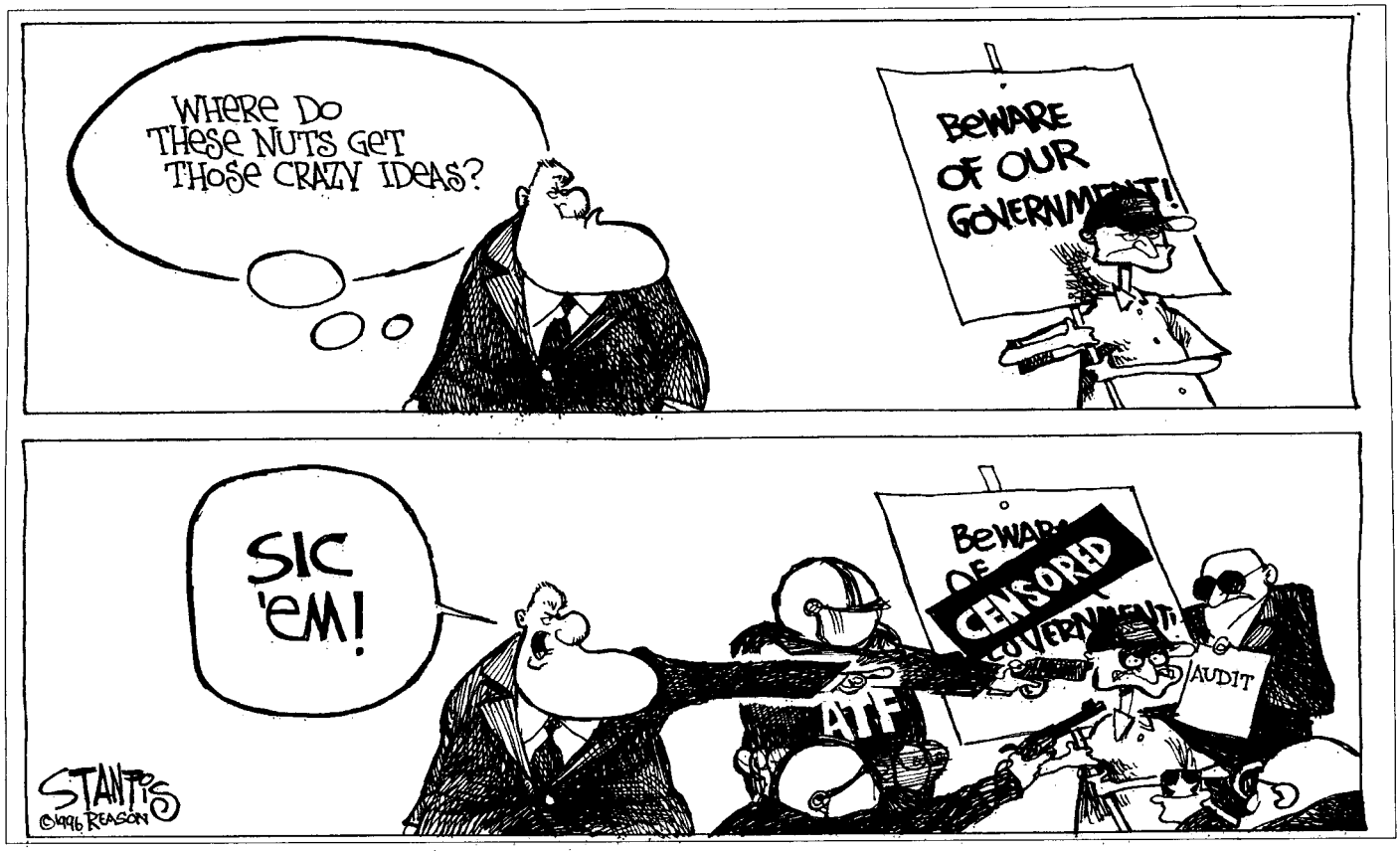
The text of the book has been significantly revised and expanded since the first edition appeared in 1984, and includes a detailed reply by the author to his critics in a wholly new chapter.

The book costs $14.95 (inc P&P) and can be ordered from the IEA by creditcard or by check.

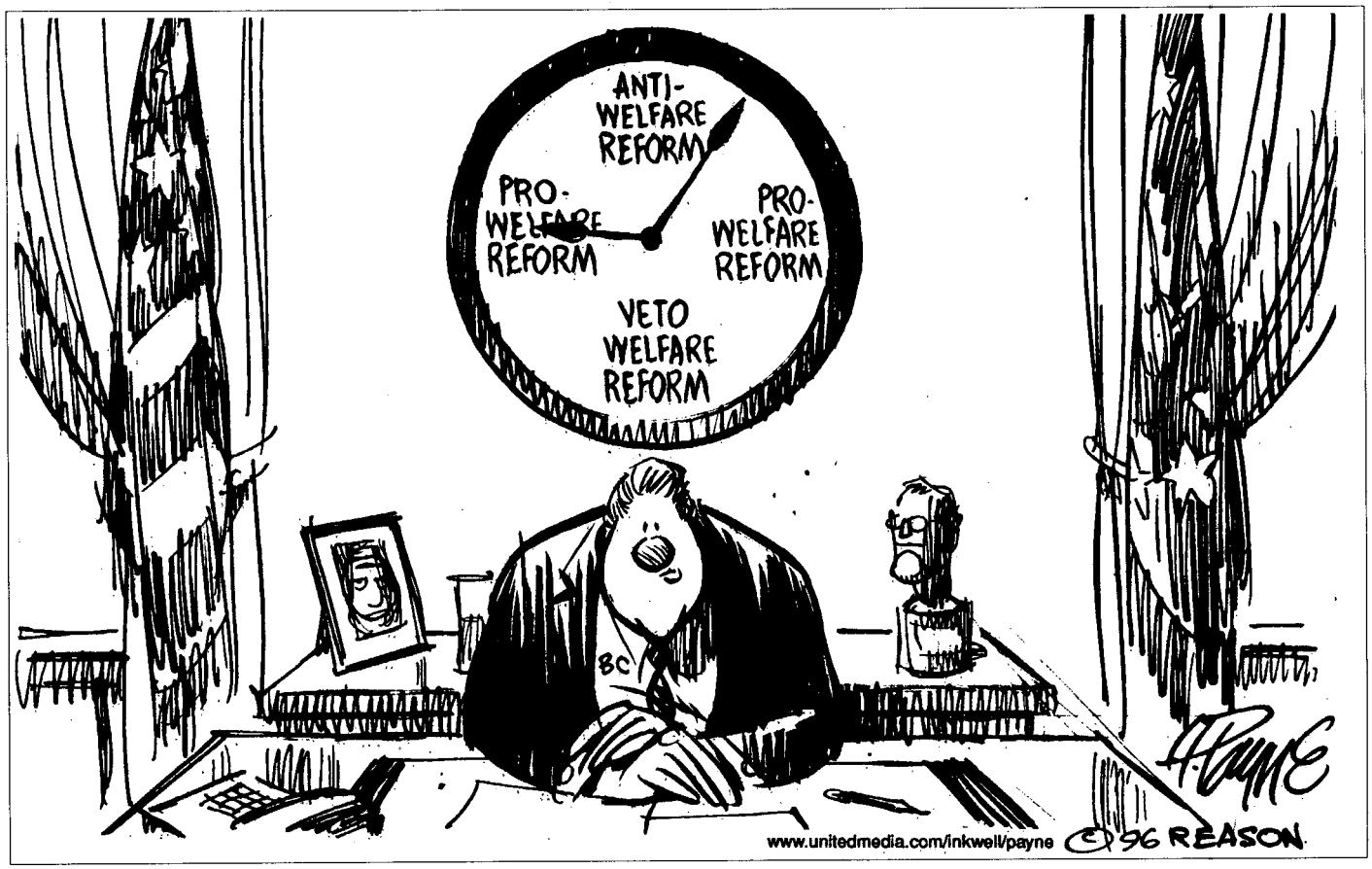
IEA
2 Lord North Street, London SW1P 3LB, England.

Tel: +44 (0)171 799 3745,
Fax: +44 (0)171 799 2137,
E-Mail: iea@iea.org.uk,
Web site:
http://www.iea.org.uk

The IEA is a Registered Charity No: 235 351



SCOTT STANTIS



HENRY PAYNE

CHIP BOK

■ **When they discovered Republican** leaders passing out campaign checks from a tobacco PAC on the House floor, Democrats were incensed. House Minority Leader Dick Gephardt and Minority Whip David Bonior called a press conference to denounce the practice of distributing special interest money on the floor. But when reporters repeatedly asked Gephardt and Bonior whether they'd ever given such money to *their* members on the House floor, the duo wasn't so dynamic. At first they refused to answer the questions. Then they grabbed a couple of freshman Democrats to tell the press *they'd* never taken money under such circumstances, while Gephardt and Bonior left the room.

■ **Thomas Passmore thought his right** hand was possessed by the devil. Taking to heart the biblical command, "If thy right hand offend thee, cut it off," the Norfolk, Virginia, native removed his hand with a circular saw. When he was rushed to the hospital, he refused to give doctors consent to try to reattach the hand. He told them he feared he would go to hell if it were put back. Now Passmore doesn't know how that nutty idea got into his head. He says the hospital should have ignored his commands and reattached the hand anyway. Since they didn't, he's suing them for $3.35 million.

■ **The Internal Revenue Service has spent** more than $3 billion upgrading its computer system. The results, according to a government audit: The IRS can't substantiate what it claims to have collected in taxes, and it can't verify a significant portion of its own payroll.

■ **And in Rock Hill, South Carolina, a state** trooper pulled over Patti Redden for violating state laws against indecency. Seems the trooper was upset by Redden's window decal showing a little boy urinating on the letters *IRS*.

■ **In Bedford, Virginia, an elementary** school teacher confiscated a book a fourth-grader brought to class. The teacher felt the book, containing a chapter on condoms and sexual disease, wasn't appropriate for a school setting. The book was Rush Limbaugh's *The Way Things Ought to Be*.

■ **An Associated Press investigation** found that Maryland state police are four times as likely to stop blacks as to stop whites on Interstate 95. More than 75 percent of motorists stopped and searched on the highway by a special drug squad are black. The police deny that they single out individuals of any race.

■ **Scott Snyder, a psychiatrist and professor** at the University of Georgia, watched six daytime soap operas for 10 days and diagnosed the minds of 100 characters on the shows. His finding: "The incidence of personality disorders is vastly higher than in real people." Thanks for connecting those dots for us, Scott.

■ **How smart is the average American?** For each of the following questions, fewer than half of Americans polled on basic science answered correctly: 1) True or false, human beings, as we know them today, developed from earlier species of animals. 2) True or false, the earliest human beings lived at the same time as the dinosaurs. 3) How long does it take for the Earth to go around the sun: one day, one month, or one year?

■ **The city of Belvedere, California, has** paid $90,000 to three workers who were offended by O. J. Simpson jokes posted by the town's police chief. The three complained that the jokes created a "pervasive and hostile work environment."

■ **In Pennsylvania, Lycoming County** Coroner George W. Gedon has been charged with theft and burglary. Police contend he has stolen from bodies and from the homes of dead people. His lawyer says Gedon has explanations for all of the items, including a stolen dog dish, found in his possession.

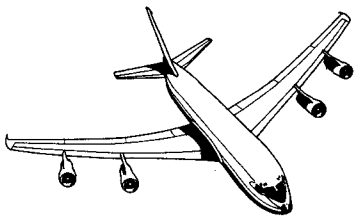
■ **The Olympics have come and gone,** and one part of them we missed is the performance originally planned by France's synchronized swimming team. The team wanted to aquatically recreate the herding of Jewish women into Nazi death camps and their deaths in gas chambers. France's sports minister decided the show was tasteless and ordered the team not to perform it.

—Charles Oliver

Flight Plan

Removing barriers to airport privatization

By Marc Levin



WHILE NEARLY EVERYONE APplauds the lower fares and increased convenience that have resulted from airline deregulation, all U.S. airports remain government-owned. But change is in the air. Congress is considering a law that would begin a limited airport privatization program.

The nation's airports are now owned by local government authorities, and federal law requires the authorities to deposit their revenue into a reserve fund for airport improvements—a provision that has prevented private companies from buying commercial airports. No investor would sink money in a venture if all its profits had to be reinvested in the airport.

The Federal Aviation Authorization Act of 1996 (H.R. 3539), however, would allow the Department of Transportation to exempt as many as five commercial airports from the reinvestment rule. The act would also free potential buyers from a Bush administration executive order requiring them to reimburse the government for the depreciated value of airport facilities that were funded with tax dollars.

Several companies operate, but do not own, U.S. airports. Airports Group International manages airports in Albany and Burbank. British Airports Authority USA Inc., which owns airports in the United Kingdom, runs the Indianapolis airport and manages concessions at the Pittsburgh terminal.

Beyond promising better and cheaper services for travelers, airport privatization could be a boon for taxpayers. Investors paid $2.5 billion to buy the London airports. The Reason Foundation has estimated that selling the 87 largest U.S. commercial airports could generate $29 billion. And privatized airports, unlike their public predecessors, would go on local tax rolls.

Not everyone is enthusiastic about privatization. Since privatization may mean pink slips for airport bureaucrats, Airport Council International, an association of local airport officials, is lobbying against it. The Air Transport Association, an airline group, worries about higher landing fees as a result of privatization. But the legislation would forbid private airport owners from increasing landing fees by more than the rate of inflation without the approval of a sizable majority of the airlines flying into that airport.

Competitive forces should also keep fees from skyrocketing. At three privately owned airports in Scotland, for instance, where there is no cap on landing fees, they have declined 25 percent over five years.

The House Transportation and Airport Infrastructure Committee approved the bill with the privatization provision. The Senate version does not contain the privatization language. Sources close to the debate, however, say the pilot program will probably be included in the conference version of the bill.

Feigning Training

Job training and placement programs aren't cutting it.

By Cosmo Wenman

In 1982, Congress passed the Job Training and Partnership Act. Now the largest federal employment training program, its goal was to boost the earnings and employment rates of economically disadvantaged adults and youths. It funds a network of federal, state, and local agencies to the tune of $1.6 billion a year. Working through vocational high schools, community colleges, and other community-based organizations, the JTPA annually trains about 1 million participants and helps them find jobs.

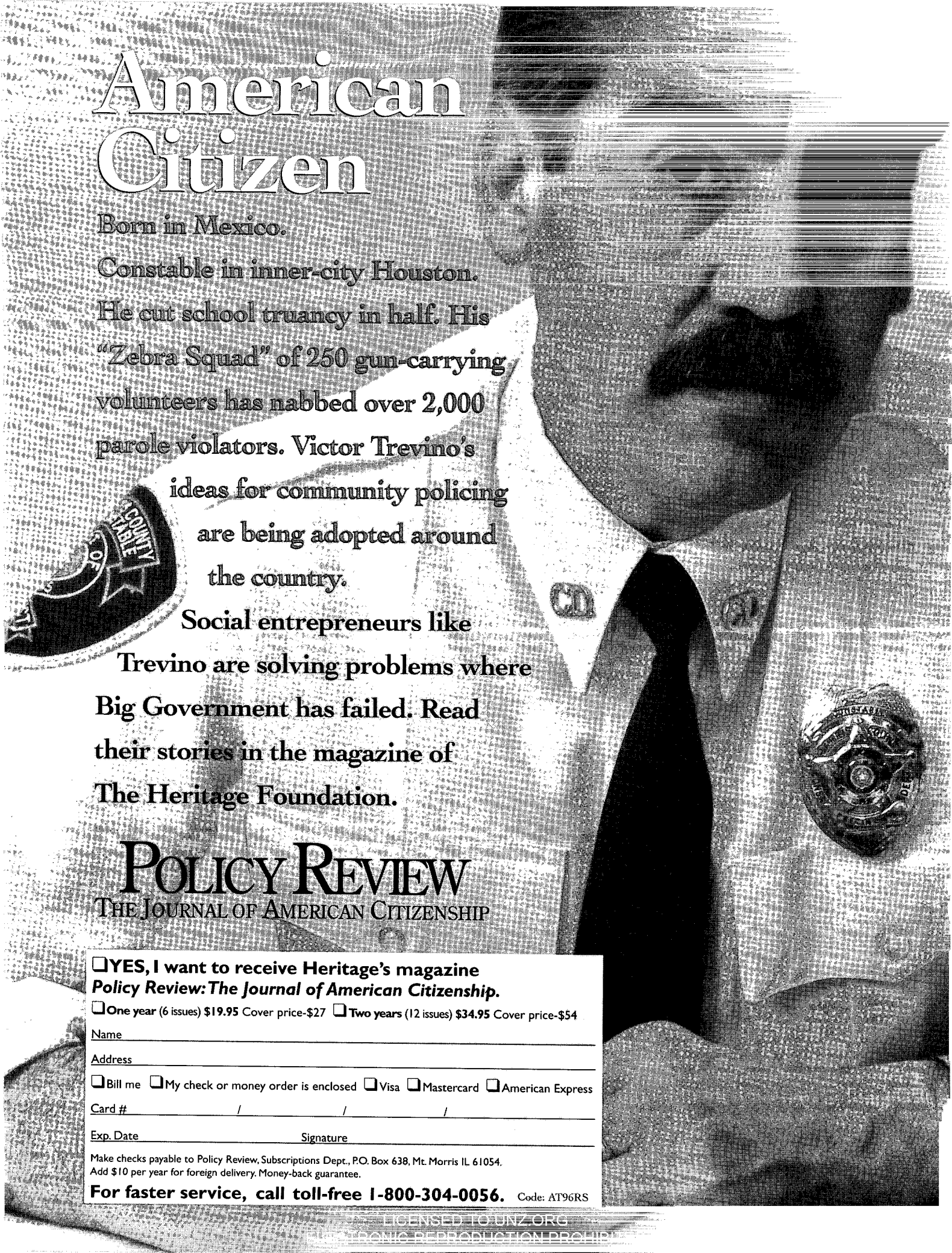
But according to a new report from the General Accounting Office, the program's results are less than impressive. Despite months of training and placement assistance, JTPA participants rarely earn much more than comparable non-participants, and their employment rates are only slightly higher. In fact, the programs are so ineffective that the GAO "could not attribute the higher earnings to JTPA training rather than to chance alone."

Annual Earnings Before and After Training

	Adult Men		Adult Women	
Time Period	Training Group	Control Group	Training Group	Control Group
3 years before	$5,883	$5,924	$3,262	$3,020
2 years before	5,680	5,894	3,377	3,215
1 year before	5,106	5,246	3,230	3,048
JTPA Assignment	4,439	4,242	2,823	2,703
1 year after	**6,901***	6,410	**4,702**	4,323
2 years after	**7,792**	7,254	**5,705**	5,047
3 years after	**7,936**	7,363	**5,902**	5,319
4 years after	8,282	7,725	**6,367**	5,811
5 years after	8,651	8,326	6,556	6,154

***numbers in bold indicate a statistically significant difference**

Source: General Accounting Office


American Citizen
Born in Mexico.
Constable in inner-city Houston.
He cut school truancy in half. His "Zebra Squad" of 250 gun-carrying volunteers has nabbed over 2,000 parole violators. Victor Trevino's ideas for community policing are being adopted around the country.
Social entrepreneurs like Trevino are solving problems where Big Government has failed. Read their stories in the magazine of The Heritage Foundation.
POLICY REVIEW
THE JOURNAL OF AMERICAN CITIZENSHIP
❑YES, I want to receive Heritage's magazine Policy Review: The Journal of American Citizenship.
❑One year (6 issues) $19.95 Cover price-$27 ❑Two years (12 issues) $34.95 Cover price-$54
Name
Address
❑Bill me ❑My check or money order is enclosed ❑Visa ❑Mastercard ❑American Express
Card # / / /
Exp. Date Signature
Make checks payable to Policy Review, Subscriptions Dept., P.O. Box 638, Mt. Morris IL 61054.
Add $10 per year for foreign delivery. Money-back guarantee.
For faster service, call toll-free 1-800-304-0056. Code: AT96RS

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Party Lines

How the government calls on your dime

By Cosmo Wenman

FOR A BIG GOVERNMENT AGENCY, the Department of Agriculture has a decidedly laissez-faire attitude toward telephone use. Indeed, according to a recent General Accounting Office report on telephone abuse and fraud at the USDA, the department, like a number of other government agencies, doesn't even review its bills.

Since the USDA has no idea how many unauthorized long-distance calls are made from its offices, abuse of the system goes largely unchecked. In a review of just a few of the department's phone bills, the GAO found several cases in which employees placed overseas calls to adult "chat" lines in such exotic locales as the Dominican Republic.

Employee abuse also turns the agency into a free telephone-relay station: During a four-month period, over half of the roughly 1,200 collect calls USDA employees accepted were fraudulent calls placed by prisoners. Accomplices inside the department patch the calls through to long-distance lines, and the department gets stuck with the tab, reports the GAO. "USDA has been aware of cases of collect calling abuse since 1994, but has not taken adequate action to stop it," says the report.

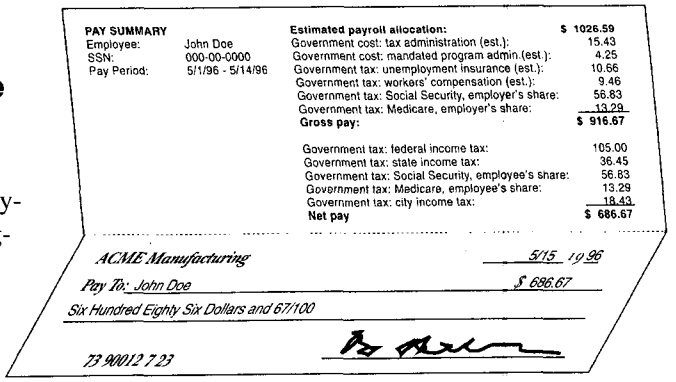
The USDA is slow to act even when the fraud is an outside job. In one instance, computer hackers infiltrated its phone banks and made between $40,000 and $50,000 worth of international long-distance calls. Although the contractor who installed the agency's voice-mail system acknowledged responsibility for the system's vulnerability, the USDA did not bother to seek reimbursement for the cost of the fraudulent calls.

Perhaps the USDA can take heart (and taxpayers heartburn medication) in that it is hardly the only government agency with lax phone security: The Drug Enforcement Administration, for example, doesn't bother to review its phone bills either. Over a period of 18 months, the DEA paid more than $2 million for fraudulent calls placed by hackers. ℞

Beastly Burden

Revealing the cost of government, one paycheck at a time

By Cosmo Wenman


PAY SUMMARY
Employee: John Doe
SSN: 000-00-0000
Pay Period: 5/1/96 - 5/14/96
Estimated payroll allocation: $ 1026.59
Government cost: tax administration (est.): 15.43
Government cost: mandated program admin.(est.): 4.25
Government tax: unemployment insurance (est.): 10.66
Government tax: workers' compensation (est.): 9.46
Government tax: Social Security, employer's share: 56.83
Government tax: Medicare, employer's share: 13.29
Gross pay: $ 916.67
Government tax: federal income tax: 105.00
Government tax: state income tax: 36.45
Government tax: Social Security, employee's share: 56.83
Government tax: Medicare, employee's share: 13.29
Government tax: city income tax: 18.43
Net pay $ 686.67
ACME Manufacturing
5/15 19 96
Pay To: John Doe
$ 686.67
Six Hundred Eighty Six Dollars and 67/100
73 90012 723

THE COSTS OF GOVERNMENT MANdates are often hidden from the people who ultimately pay for them. Earlier this year, the Michigan-based Mackinac Center for Public Policy began promoting its "Right to Know Payroll Form," a simple tool businesses can use to inform employees of how some governmental burdens affect take-home pay.

The idea is pretty straightforward: Most paycheck stubs already itemize federal, state, and city income taxes, along with the employee's share of Social Security and Medicare taxes. The Mackinac form adds to that list the *employer*'s share of such programs, along with employer expenditures on workers' compensation and unemployment insurance. It also includes estimates of the costs of administering taxes and complying with some of the big-ticket regulations, such as the Americans with Disabilities Act and the Family Medical Leave Act.

Employees can see, in plain dollar figures, the additional chunk of cash their company must pay just to keep them on the payroll. The results can be shocking: By Mackinac's calculations, for a worker making $22,000 a year, an employer kicks in an additional $2,640 annually for the various government mandates.

Gov. John Engler has already implemented the form for Michigan's 60,000 state employees, and legislation to require a similar form for state workers seems likely to pass in Ohio. In the few months since its introduction, the form has been adopted by about a dozen private firms, including The Foremost Corporation of America, an insurance company based in Caledonia, Michigan.

Foremost's public relations manager, Ruth Steele Walker, describes the new policy as "a way to present information to our employees, so they can make better informed judgments on political decisions they may make—it gives them a little better idea of what it takes for a company to create jobs." ℞

MACKINAC CENTER

Hired Learning

Why education pays off

By Cosmo Wenman

OVER THE PAST TWO DECADES, THE economic rewards to education have skyrocketed. According to 1992 Census data, the average college graduate earned about $33,000 a year, while high school grads averaged only $19,000. Most economists believe the differential is growing because college grads learn the sorts of skills that are increasingly valuable in a knowledge economy. But some policy wonks see the gap as part of a zero-sum game in which educated workers get bigger and bigger slices of a static (or shrinking) pie.

In "Technology and the Wage Structure," a recent working paper from the National Bureau of Economic Research, Steven G. Allen documents a similar wage differential among college graduates. Using data from 39 industries, Allen, a professor of economics and management at North Carolina State University, compared indicators such as research-and-development intensity, the ratio of scientists and engineers to less-skilled workers, and wage estimates. On average, he found that returns to schooling rose from 5.7 percent in 1979 to 8 percent in 1989. But Allen's analysis also revealed that returns to schooling were significantly higher in industries with rising R&D activity and intensive use of high-tech capital. Returns in the medical industry, for example, were more than 3 percent higher than average.

Allen's data also suggest that while "technology variables" are associated with higher wages for college students, those changes are not related to the wages of less-educated groups. So, although the wage gap has become a cause for alarm in some circles, the increase in returns to skilled and educated labor doesn't appear to be coming at the expense of less-skilled labor. ®

Balance Sheet

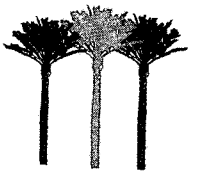
By Rick Henderson

Assets

Bomb Threat. Olympic bomb hysteria proves insufficient to give federal law enforcers new "anti-terrorist" powers. The August congressional recess—along with conservatives and civil libertarians—slows the Clinton administration's plan to let the feds use wiretaps on multiple phones and tap telephones for as long as 48 hours before getting a court order. Sen. Conrad Burns (R-Mont.) says Congress "has done enough" to combat terrorism this year.

Choice Chance. An Ohio court allows vouchers to move forward in Cleveland. Judge Lisa Sadler upholds a plan that will make 1,500 public kindergarten through third grade students eligible for $2,250 worth of tuition vouchers to attend religious or secular private schools this fall.

Desert Oasis? New Israeli Prime Minister Benjamin Netanyahu places privatization at the top of his domestic agenda. "I'm committed to privatize just about all of the government firms and many of the government services," he tells a group of Wall Street investors. "I'd like you to come to Israel because I think you'll make a lot of money in Israel."



Trade Tracks. Watch out, Mickey Kantor: Japan may no longer let you bludgeon it (and U.S. consumers) during bilateral trade negotiations. Disputes over supercomputers and film will no longer be decided in acrimonious "summits." Japan will instead appeal directly to the World Trade Organization, which looks askance at bilateral deals. Huffs trade hawk Clyde Prestowitz of the Economic Strategy Institute, this new policy "lessens our ability to put pressure on Japan."

Liabilities

Federalist Offense. Republicans promise to elevate President Clinton's veto of the ban on partial-birth abortions as a major campaign issue. Most late-term abortions may indeed be infanticide. But why make killing children a federal crime? Whatever happened to the GOP's love affair with the 10th Amendment?

Pay Snub. ACORN, the tax-subsidized anti-poverty advocacy group, is lobbying a dozen cities and states, demanding a hike in the minimum wage—unless you work for ACORN. The group sues California, asking to have its employees exempted from a minimum-wage increase that's on a November ballot initiative. "[T]he more that ACORN must pay each individual outreach worker," argues the group's legal brief, "the fewer outreach workers it will be able to hire." Duh.

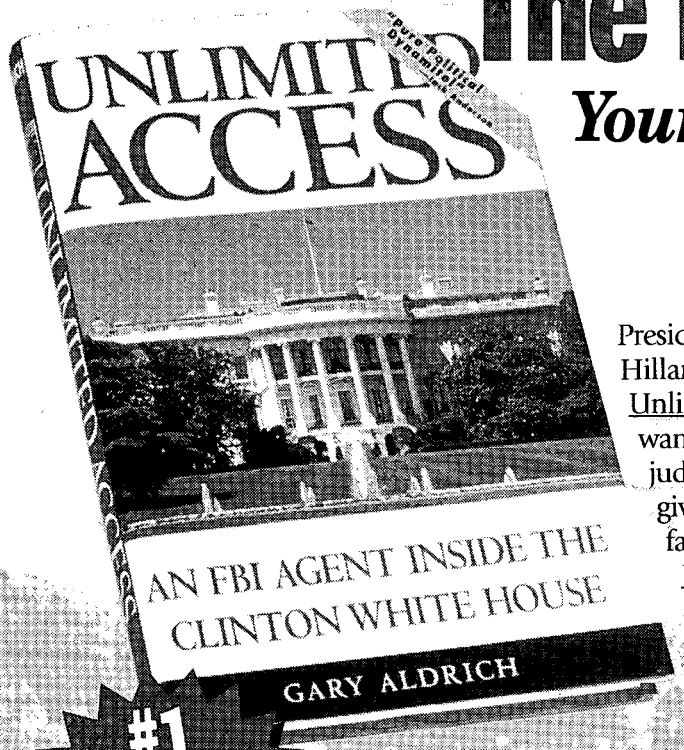
Chemical Breakdown. And you thought proposals to trace terrorists by "tagging" explosive materials were goofy. In mid-September the Senate will vote on the Chemical Weapons Convention, a treaty that would force any business that makes components that could be used in chemical weapons to file tons of paperwork and allow routine on-site inspections. *Investor's Business Daily* reports that as many as 10,000 firms, from biotech and pharmaceutical plants to breweries, may be covered by the law.

Wrong TEAM. Groveling before organized labor, Bill Clinton vetoes the Teamwork for Employment and Management (TEAM) act, a bill that would have swept aside 60-year-old labor regulations governing non-union companies. The TEAM bill would have let managers and employees jointly resolve conflicts over scheduling, health, and safety without involving the National Labor Relations Board. "President Clinton's message to small business is, 'Get to the back of the line,'" says Sen. Kit Bond (R-Mo.), chairman of the Committee on Small Business. "What labor wants, labor gets."

The Book the Clinton

Yours FREE When You Become a

Plus, take 2 books of your choice for just $1 each!



#1 On The New York Times & The Wall Street Journal Best Sellers List!

President Clinton's midnight trysts...A room full of FBI files...Queen Hillary...Vince Foster's mysteriously over-looked computer. It's all here in Unlimited Access, the explosive bestseller the Clintons absolutely don't want you to read -- but the Conservative Book Club thinks you should judge for yourself! Only Membership in the Conservative Book Club gives you the inside track on what's happening in Washington at prices far below retail. And only the CBC brings you blockbusters like Unlimited Access. *Join today...because this is one book -- and one book club -- you can't afford to miss!*

Nixon, A Life

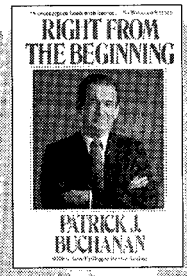
This definitive biography is packed with insights about the rise, fall, and rebirth of one of the most complex figures in history.

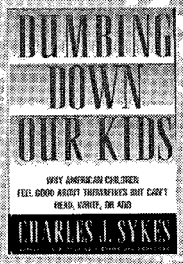
#4024 Retail Price $28.00

Right From The Beginning

This is Pat Buchanan at his best! Often comic, always captivating, the autobiographical Right From The Beginning provides a poignant look at growing up Catholic, conservative, and rambunctious in 1950s Washington D.C.!

#3000 Retail Price $14.95

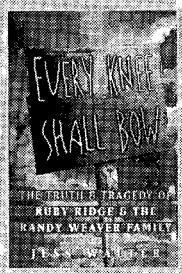




Dumbing Down Our Kids

Dumbing Down Our Kids gets to the heart of the problem with America's educational system. Charlie Sykes contends it's not society, family or television, but the schools themselves!

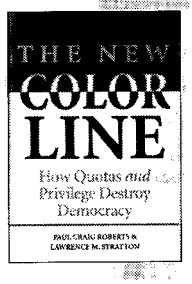
#4276 Retail Price $23.95



Every Knee Shall Bow

It was one of the biggest law enforcement debacles in the history of our country. This is Randy Weaver's compelling story -- from his childhood in Iowa to the famed shootout on Ruby Ridge that left his 14 year old son, and his wife Vicki dead. Contains photographs, some of them never seen before!

#4278 Retail Price $24.00



The New Color Line

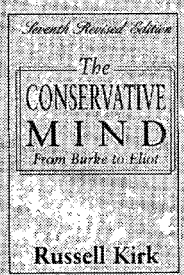
Americans who overwhelmingly supported the Civil Rights Act thirty years ago are now opposed to what the law has become -- race and gender privileges. In The New Color Line, authors Paul Craig Roberts and Lawrence M. Stratton discuss how our society is in the process of being unraveled by racial quotas.

#4243 Retail Price $24.95

The Conservative Mind

New Edition of the best-selling book that gave voice to the modern American conservative movement. "The most important book of the century."
– Whittaker Chambers

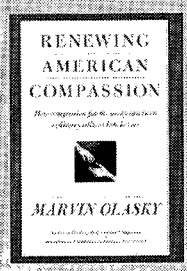
#4292 Retail Price $24.95



Renewing American Compassion

In a ringing call to churches, community leaders, and ordinary citizens, Marvin Olasky offers specific guidelines for lending a helping hand to the needy, and discusses how true compassion not only renews all of us, but also helps to enrich and revitalize our entire society.

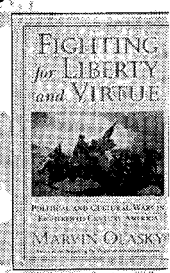
#4345 Retail Price $21.00

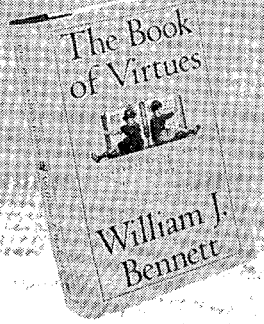


Fighting for Liberty and Virtue

Acclaimed author Marvin Olasky has extracted the forgotten wisdom of men such as Washington, Jefferson, Franklin, and Adams on many of the issues that divide our country, like term limits, balanced budgets, federal vs. state power!

#4364 Retail Price $24.95

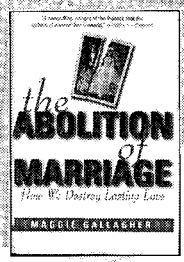




The Book of Virtues

In a time where smut, violence, and immorality pervade the media, this inspiring collection of fables, poetry, stories, and other readings is a lesson in morality, and a must read for our nation's families! This #1 bestseller by Ronald Reagan's Secretary of Education will provide a solid foundation of morality for you and your children!

#3884 Retail Price $30.00



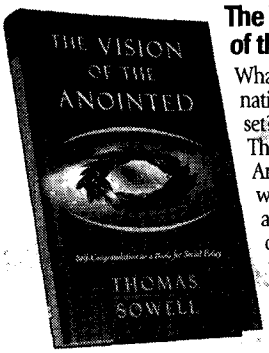
The Abolition of Marriage

Marriage is no longer the norm and the effect that the new social rules are having on our society are devastating. Combining real life accounts, and solid facts, author Maggie Gallagher shows how society now punishes commitment and rewards selfishness and irresponsibility.

#4299 Retail Price $24.95

White House Wants to Ban

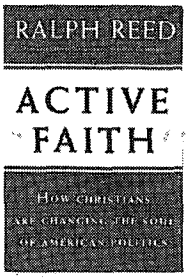
Conservative Book Club Member Today



The Vision of the Anointed

What are the consequences of a nation coerced into a mind set? Leading black conservative Thomas Sowell explains how America was brainwashed with the myth that liberals are always right and conservatives are always wrong.

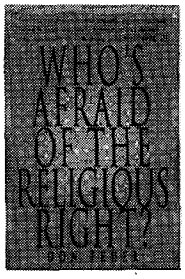
#4215
Retail Price $25.00



Active Faith

Where did the religious conservative movement come from? How did it arise as such an effective political force? Ralph Reed, author and Executive Director of the Christian Coalition, articulates the Coalition's political vision.

#4335 Retail Price $25.00



Who's Afraid Of The Religious Right?

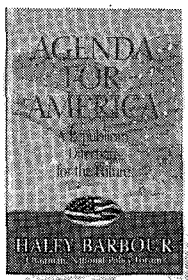
In this clear and incisive book, Jewish author and noted Boston Herald columnist, Don Feder, not only defends the agenda of the Christian right, but also identifies the real extremists -- the anti-religious, amoral elites.

#4349 Retail Price $24.95

Agenda For America

At last! A book that proclaims the Republican vision for a renewed America. Similar in scope to the House's "Contract With America," Agenda For America concentrates on fresh ideas, new policies, and challenges for the future.

#4340 Retail Price $24.95

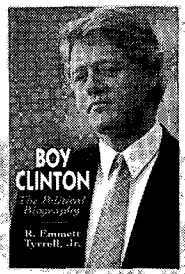


JUST RELEASED!

Boy Clinton

Blockbuster expose by the publisher of *American Spectator*. R. Emmett Tyrell has unearthed the truth about the real Bill Clinton ... including facts that have never been revealed before.

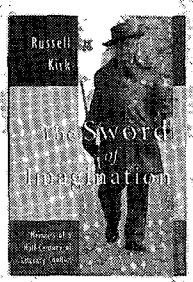
#4367 Retail Price $24.95



The Hand of God

Doctor Bernard N. Nathanson presided over 60,000 abortions as director of the world's largest abortion clinic. This stirring autobiography explores what it is like to abort a child, and how a lifelong atheist converted to the pro-life cause.

#4324 $24.95 Value

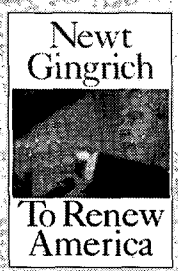


The Sword of Imagination

It is hard to find a more significant contributor to the world of conservatism than Russell Kirk. This autobiography is a great achievement that leaves the reader torn between admiration, and awe. "An astounding and triumphant life."

– William Rusher

#4227 Retail Price $34.99



To Renew America

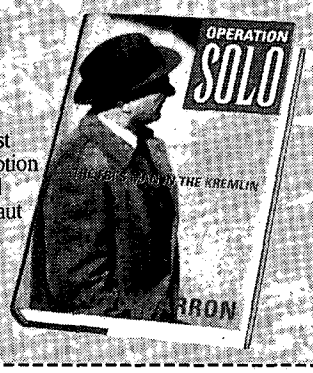
Newt Gingrich reveals common sense solutions to the issues we care about most ... welfare, balancing the budget, and shifting power from the bureaucracy to the citizenry.

#4257 Retail Price $24.00

Operation Solo

An amazing story of the most dangerous secret agent deception of all time! "A stunning and compelling story...Barron's taut descriptions... are riveting."

#4296
Retail Price $24.95



Get the Blockbuster Unlimited Access

plus FREE! 2 Books for $1 each

Benefits of Membership and How the Book Club Works

INSTANT SAVINGS! Join today and get any 2 of the books pictured in this ad for just $1 each ($2.00 total) and a free copy of Unlimited Access, plus shipping and handling. Then take up to two years to buy four more books at regular low Club prices (20-50% below retail.) After you have paid for your books, your Membership can be ended by you or the Club. Plus you will also get opportunities to buy from our list of Superbargain books that the Club regularly offers. These books are offered at 70-90% discounts!! (Sorry, Superbargain books don't count toward your book commitment.)

FREE BULLETIN! At least 13 times a year you will receive the Club Bulletin packed with the kind of books you will want to read and own. Each bulletin will describe a Featured Selection chosen just for our Members. Also included are a number of alternate selections about politics, religion, history, home schooling, investing and other areas of interest to conservatives.

SHOP AT HOME CONVENIENCE! When you receive your Bulletin you will have the chance to examine the many books of interest and read reviews for each. If you want to receive the Featured Selection, do nothing and it will be sent to you. If you don't want the Featured Selection or you would like an alternate selection, simply indicate your wishes on the handy card enclosed with your Bulletin and return it before the deadline date. CBC is an easy way to build your conservative library from the comfort of your own home.

100% SATISFACTION GUARANTEED! If you are not completely satisfied with any book, return it and receive a complete credit. Plus you will always have at least ten days to make your decision to receive the Featured Selection. If you ever have less than ten days, you simply return the book at Club expense for a full credit. One Membership per household please.

❑**YES!** Please enroll me as a Preferred Member of the Conservative Book Club under the terms outlined in this ad. Send me Unlimited Access FREE plus the 2 books I've indicated and bill me just $2.00 total, plus shipping and handling. I agree to buy just four more books at regularly discounted club member prices over the next two years.

Please write book numbers here: # ____ # ____ C0003-A-Z

Name (Mr./Mrs./Ms.) _____

Address _____

City _____ State ____ Zip _____

Prices slightly higher in Canada. Orders subject to approval by Conservative Book Club.

Send No Money Now!

Fill out this coupon and mail to:

CONSERVATIVE BOOK CLUB
33 Oakland Ave., Harrison, NY 10528

Gagging on

The Federal Election Commission and its "good government" allies are crushing free speech.

By Steven Hayward and Allison R. Hayward

Well before either major political party had held its 1996 convention, they were already accusing each other of violating the election laws in various arcane ways. Bob Dole even warned NBC's Katie Couric during an interview that her line of questions might be against these laws. We can expect more such charges as the major, well-funded contenders attempt to harass one another.

But we can also expect the Federal Election Commission to turn its ever-more-ambitious regulatory attention to grassroots groups and citizens who want to take part in the debate, too—groups far less well-funded and less capable of extricating themselves from the tangle of FEC regulations. Such groups will encounter an FEC that functions more and more as a censor of political expression, especially by issue-oriented, grassroots activists.

Regulating political speech was once unthinkable. In a provocative 1973 essay, Nobel laureate economist Ronald Coase disparaged even the possibility. Noting the "large number of false and misleading statements" in newspaper articles and political speeches, Coase wrote: "Government action to control false and misleading advertising is considered highly desirable. Yet a proposal to set up a Federal Press Commission or a Federal Political Commission modeled on the Federal Trade Commission would be dismissed out of hand."

But less than a year later, Congress reacted to the trauma of Watergate by creating the FEC, which has ever since been attempting to assert itself as just such a political power. It wasn't that Coase was shortsighted: Congress did not mean to censor political speech, and the courts have for years attempted to restrain the commission's regulatory reflexes. Rather, the FEC is a case study in the growth and transformation of oversight power. It begins with the reform of political financing, develops into ever more complex regulation of political activities, and finally matures into attempts to control political speech itself.

The result is that political expression, which the framers

Political Reform

of the First Amendment clearly intended to be the most protected kind of speech, is in fact today the *least* protected. If the FEC and its good-government—or "goo-goo"—cheerleaders have their way, the attack on the First Amendment will get a lot worse.

Limiting Funds and Limiting Speech

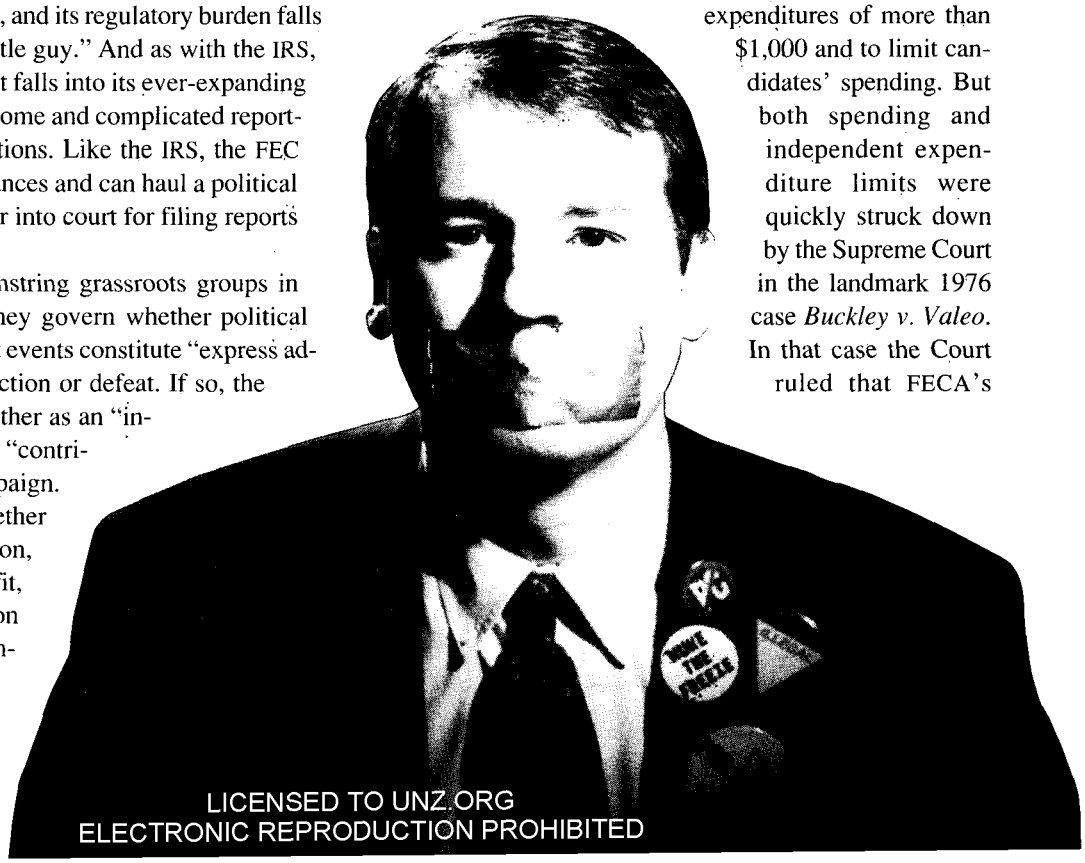
The FEC is supposed to be roughly analogous to the Securities and Exchange Commission, which promotes full disclosure of essential information to investors and seeks to enforce certain fundamental rules to prevent fraud and market manipulation. Indeed, most people probably suppose that the FEC is chiefly in the business of collecting campaign contribution reports from candidates and imposing fines when contribution limits have been exceeded or when presidential campaigns (which operate by their own set of rules) go over spending limits.

But in fact the FEC is increasingly behaving like a combination of the Federal Trade Commission and the Internal Revenue Service. Like FTC enforcement, the FEC's activities frequently seem arbitrary, and its regulatory burden falls disproportionately on the "little guy." And as with the IRS, any political organization that falls into its ever-expanding purview is subject to burdensome and complicated reporting requirements and restrictions. Like the IRS, the FEC has the authority to audit finances and can haul a political committee's hapless treasurer into court for filing reports late or incorrectly.

FEC regulations can hamstring grassroots groups in two principal areas. First, they govern whether political messages that discuss current events constitute "express advocacy" of a candidate's election or defeat. If so, the cost of the spot is credited either as an "independent expenditure" or a "contribution" to the relevant campaign. Second, they determine whether such activity by a corporation, even an incorporated nonprofit, can be construed as a violation of the ban on corporate campaign contributions.

To understand the full story, it is necessary to know the rudiments of these campaign finance regulations and a little of the history behind how they operate today. In the aftermath of the Watergate scandal, Congress in 1974 passed amendments to the Federal Election Campaign Act that set strict contribution limits of $1,000 per donor per candidate per election. The act also set an aggregate contribution cap of $25,000, meaning a wealthy donor could not make $1,000 contributions to more than 25 candidates in an election. Political action committees enjoy higher limits; you can give $5,000 to a PAC, and a PAC can give $5,000 per candidate per election to as many candidates as it wishes. These caps, it is important to note, are *not* adjusted for inflation. Today the maximum amounts have roughly one-third the value they had when they were enacted.

These relatively low contribution ceilings naturally created intense interest in alternative ways to influence elections (see sidebar page 27). The authors of the 1974 FECA amendments anticipated this effect. So the amendments attempted to ban independent expenditures of more than $1,000 and to limit candidates' spending. But both spending and independent expenditure limits were quickly struck down by the Supreme Court in the landmark 1976 case *Buckley v. Valeo*. In that case the Court ruled that FECA's



PHOTOS: HOLLY FREEDMAN

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

spending caps violated the First Amendment's free speech guarantee, but it upheld the contribution limits.

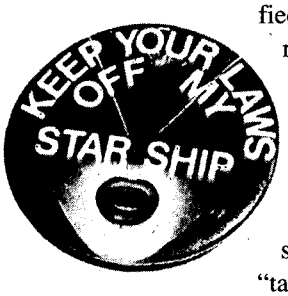
Subsequently, the Court has, in a number of cases, affirmed that corporations as well as real people have First Amendment free speech rights. However, corporate free speech rights can be regulated (or, in the case of federal campaign contributions, prohibited) in the interest of preventing corruption.

The FEC and the goo-goos have never been satisfied to live within the strictures of *Buckley*. To the reformers, any kind of political speech that escapes FEC regulation represents a "loophole" that ought to be closed.

A Bright Line in the Sand

The Court also wrestled with the problem of identifying what kind of political speech could be considered an independent expenditure, and it crafted a definition of "express advocacy" that has been at the heart of the FEC controversy ever since. Many organizations—for example, this magazine's parent, the Reason Foundation, or the National Organization for Women—comment on controversial issues and the opinions elected officials may have on those issues. To safeguard such issue-oriented speech from burdensome FEC regulations and the blanket ban on corporate election spending, the Court crafted a bright-line standard.

It stated that a political message must clearly identify a specific candidate and "expressly advocate" the candidate's election or defeat with words such as "vote for," "elect," "defeat," "reject," or "cast your ballot for." In an era when Supreme Court opinions are notorious for their ambiguity and narrow application, the *Buckley* decision stands out for its clarity and broad application.



But the FEC and the goo-goos have never been satisfied to live within the strictures of *Buckley*. To the reform mentality, any kind of political speech that escapes FEC regulation represents a "loophole" that ought to be closed, and the *Buckley* express advocacy standard allows many kinds of political speech to fall outside of campaign regulation. The FEC has proposed a broader standard, encompassing messages which, when "taken as a whole," include "expressions of support for or opposition to a clearly identified candidate."

"Taken as a whole" is the key phrase. This guideline is a clear attempt to turn express advocacy into *implied* advocacy. This is intended to get at such devices as the voter's guides that activist groups distribute around election time, containing information about how various candidates stand on issues of particular concern. They seldom include explicit endorsements, leaving readers to connect the dots for themselves.

The judiciary has repeatedly thumped the FEC on the snout for its attempt to implement a broader express advocacy standard. In a series of cases over the past decade, the Supreme Court and lower courts have said to the FEC, in effect: We really meant what we said in *Buckley*; stop trying to get around it.

The 'Evil' of Expression

In 1979, the FEC brought an action against the American Federation of State, County, and Municipal Employees, taking issue with a poster AFSCME had produced before the 1976 election depicting President Gerald Ford hugging Richard Nixon, with the headline "Pardon Me." A federal district court rejected the FEC's contention that the poster amounted to express advocacy, saying that the poster represented political speech protected by the First Amendment.

The FEC was not to be deterred by this early setback, and it brought a suit against the Central Long Island Tax Reform Immediately Committee (CLITRIM), a grassroots anti-tax group. CLITRIM had circulated a voter's guide that discussed the organization's views on taxes and government spending, along with the stands local candidates had on these issues. The publication did not contain any of the express advocacy terms spelled out in *Buckley*. The nearest it came was the suggestion, "if your Representative consistently votes for measures that increase taxes, let him know how you feel."

This time the Second Circuit Court of Appeals delivered the FEC's rebuff, writing pointedly that "contrary to the position of the FEC, the words 'expressly advocating' meant exactly what they say....The [FEC's] position is totally meritless." As if to underscore its impatience, the court added, "The danger [to the First Amendment] is especially acute when an official agency of government has been created to scrutinize the content of political expression, for such bureaucracies feed upon speech and almost ineluctably come to view unrestrained expression as a potential 'evil' to be tamed, muzzled or sterilized."

The Supreme Court revisited the issue in 1986, in a case the FEC had brought against Massachusetts Citizens for Life (MCFL), an anti-abortion group that had circulated a newsletter before the 1978 election titled "Everything You Need to Know to Vote Pro-Life." MCFL surveyed nearly 500 candidates, featured several hundred, and spent under $10,000 to produce the newsletter. It listed pro-life candidates on a coupon that voters could take to the polls. The FEC contended that this was express advocacy and sought a $5,000 civil penalty against MCFL. The heart of the FEC's complaint against MCFL was that because MCFL was a corporation (albeit a not-for-profit corporation), it had violated the prohibition against corporate campaign contributions.

Allowing Advocates to Advocate

The Supreme Court agreed with the FEC that the take-to-the-polls coupon did constitute express advocacy, but, significantly, the Court recognized that nonprofit, issue-oriented organizations exist precisely for the purpose of engaging in this kind of political speech. So the Court carved out an exception to the ban on corporate campaign contributions, allowing certain nonprofits to

spend general corporate funds for political messages.

The Court concluded that if a nonprofit was formed to express ideas, rather than for a business purpose; has no shareholders; and was not established by a business corporation or labor union, the corporate spending ban could not constitutionally apply to its activities. Groups that advocate positions on social issues probably fall within the test, but groups formed by businesses to advocate positions on economic issues, such as the U.S. Chamber of Commerce, cannot take advantage of this exception.

Like the tax laws, campaign finance laws seem arbitrary and evolve from case to case. The result is a contradictory patchwork of complex rules that is transforming the world of political campaigning into a domain for insiders and experts.

Buoyed by this partial victory (MCFL did have to report its expenses for voter's guides to the FEC as an independent expenditure), the FEC crafted a regulation saying that voter's guides must not "suggest or favor any position on the issues covered" or offer any "editorial opinion." It immediately set out after Maine Right to Life for a voter's guide that discussed candidates according to a 0-to-100 rating system.

Once again the FEC was slapped down in court. The U.S. Court of Appeals for the First Circuit used direct and clear language: "Trying to discern when issue advocacy crosses the threshold and becomes express advocacy invites just the sort of constitutional questions the Court sought to avoid in adopting the bright-line advocacy test in *Buckley*....It is not the role of the FEC to second-guess the wisdom of the Supreme Court."

The FEC also went after fundraising letters from the National Organization for Women and the Survival Education Fund that contained disparaging comments about officeholders, including President Reagan. The FEC lost these cases in district court.

Pictures, Parties, and Pandora's Box

More recently, the FEC hauled the Christian Action Network into court for TV ads it had produced before the 1992 election that were critical of then-candidate Bill Clinton's position on homosexuality. Although the ads contained none of the express advocacy terms spelled out in *Buckley*, the FEC sought to create a new standard for video, arguing that visual messages should be evaluated differently than purely verbal messages because visual messages "raise strong emotions amongst viewers."

Once again, a district court sent the FEC packing, writing: "To expand the express advocacy standard...in this manner would be to render the standard meaningless. Such an expansion of the judicial inquiry would open the very Pandora's Box which the Supreme Court consciously sought to keep closed."

In June of this year, the FEC's crusade to cast a wide net over independent political advocacy received its sharpest setback yet, in *Colorado Republican Federal Campaign Committee v. FEC*. This case arose out of radio ads by the Colorado Republican Party attacking then-Sen. Tim Wirth's positions on various issues. These ads were broadcast months before the 1986 election, when there were no declared Republican candidates running for the seat. But the FEC sought to have these radio ads deemed express advocacy on behalf of the eventual Republican nominee, and therefore to count against the party's spending limit. In effect, the FEC's interpretation made it technically impossible for parties to make independent expenditures.

The Court sided with the Republican Party, striking down the limitations on independent party expenditures, reasoning that even a political party was entitled to express its views independent of coordination with a candidate. In an unexpected sign of timidity, however, the Court did not address the question of whether the Wirth advertisement contained express advocacy at all. Whether this lapse indicates a First Amendment loss of faith on the Court remains to be seen.

The Commission from Another Planet

The FEC has suffered the worst losing streak since the 1973 Philadelphia 76ers went 9–73. But the agency is stubborn, and has promulgated rules that flagrantly ignore the standards of *Buckley*. These regulations include the *Buckley* "magic words" test but also find express advocacy in communications that, "[w]hen taken as a whole and with limited reference to external events, such as the proximity to the election, could only be interpreted by a reasonable person as containing advocacy of the election or defeat of one or more clearly identified candidate(s)."

To apply this "reasonable person" standard, the regulations require the FEC to consider whether the advocacy is "unmistakable, unambiguous, and suggestive of only one meaning;" and "[r]easonable minds could not differ as to whether it encourages actions to elect or defeat one or more clearly identified candidate(s) or encourages some other kind of action." Hardly the model of clarity anticipated by the Supreme Court.

Significant portions of these regulations were declared unconstitutional in a second case brought by the Maine Right to Life Committee. But since this is a federal district court decision, it does not provide precedent to protect corporations outside the District of Maine. Elsewhere, both parts of the express advocacy definition will be enforced by the FEC. Once again, grassroots groups cannot freely exercise their First Amendment rights as determined by the Supreme Court.

Former FEC Chairman Trevor Potter acknowledged this stubbornness: The FEC is "close to being on a different planet from the Supreme Court." Conversely, Commissioner Danny Lee McDonald complains that "the Court just doesn't get it."

An Insiders' Game

If the problem with government regulation of politics were simply a matter of the FEC's definition of express advocacy, then—

given the judiciary's solicitude for the First Amendment and its jaundiced eye toward the FEC's animadversions —there might not be that much to get upset about. But there is much more to this story than a dispute about the law of free speech. As a practical matter, because of the ambiguity and complexity of the campaign finance laws, participating in the political process, even indirectly through issue advocacy, is becoming as difficult, confusing, and cumbersome as complying with the income tax laws.

Like the tax laws, the campaign finance laws seem largely arbitrary and evolve from case to case as the FEC tries to keep its thumb on every species of ordinary political behavior. The result is a contradictory patchwork of complex rules that is transforming the world of political campaigning into a domain for insiders and experts.

The FEC may have suffered the worst losing streak since the 1973 Philadelphia 76ers went 9–73. But the FEC is stubborn, flagrantly ignoring the standards of *Buckley*. Former Chairman Trevor Potter says the FEC is "close to being on a different planet from the Supreme Court."

Just as executives and entrepreneurs can't make a move without consulting their accountants about the tax consequences, most public affairs executives and PAC directors can't take many actions today without consulting their election law attorneys. When it's easier to calculate the tax consequences of a like-kind transfer than it is to determine whether you can solicit a contribution from someone on behalf of an organization you both belong to, something is clearly wrong.

If your organization is deemed to have "expressly advocated" in favor of (or against) a particular candidate, the FEC will deem it an independent expenditure in that campaign, or an "in-kind" contribution to the candidate's campaign if you are careless enough to mention your plans to a campaign staffer. In either situation, your organization becomes subject to the complex FEC reporting requirements, as well as the possibility of civil fines if you don't do the reports correctly. This puts the FEC in the business of regulating speech depending on its political content; if you want to avoid having to submit to FEC reporting requirements and contributions limits, you better watch what you say.

To appreciate how perverse this is, consider the following paradox: If you set up a pornographic site on the World Wide Web, the government cannot regulate you in any way. But if you set up your own "Vote for Bill Clinton" site on the Web (or simply print your own bumper stickers), and spend more than $250 on the project, you become subject to FEC reporting requirements. If you spend more than $1,000, you have to register with the FEC as a "political committee." While the actual expense of registering and reporting is negligible (provided you do so correctly), failure to file could result in a substantial fine—*even if you never have a single contact with the Clinton campaign.*

To be sure, the FEC is not saying that you *can't* exercise your right to political speech; it is only saying that you must submit to the "disclosure" process if you do. But this scheme would seem to fall within the compass of Judge Joseph Story's famous maxim that what the government may not do *directly* it may not do *indirectly*. And the indirect effect of this regime is clear: It is more difficult and costly to engage in political speech. The practical result, of course, is to reduce participation from genuine grassroots organizations, which lack the resources and the expertise to comply with this increasingly complicated system.

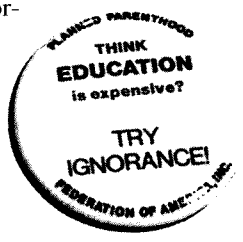
A Culture of Complaints

In other contexts the goo-goos of the world could be expected to complain about the "chilling effect" this regime is having on political speech. But in fact the goo-goos are a large part of the problem. While the IRS and other federal agencies with investigatory and audit powers typically initiate their own investigations, the FEC routinely opens investigations of political activities at the behest of private parties.

In fact, more FEC investigations result from outside complaints than from the FEC's own initiative. Goo-goo groups such as the Center for Responsive Politics and Common Cause specialize in filing complaints with the FEC alleging violations by PACs, candidates, and donors, which the FEC frequently acts upon. The Center for Responsive Politics pores over contribution reports and prides itself on blowing the whistle on individuals who exceed their aggregate $25,000 annual contribution limit.

Filing an FEC complaint has become a favorite harassment tactic for opposing campaigns and interest groups. The National Abortion Rights Action League brought the initial complaint against Massachusetts Right to Life back in 1978. Anti-abortion groups have brought complaints that resulted in FEC investigations of NOW and Planned Parenthood. The Republican and Democratic parties bring complaints against each other regularly. And the Democratic Party launched an attack on the Christian Coalition, alleging that it made a variety of forbidden contributions and expenditures on behalf of candidates running in 1992 and 1994. Just recently, the FEC filed suit based upon those allegations.

Once a complaint is filed, the FEC opens a "Matter Under Review" (MUR) investigation. The MUR files are made public at the conclusion of the investigation, which can take years to complete. Our analysis of the 524 MURs completed and made public during the past three years shows that 366 were initiated as a result of outside complaints. And, in an unusual twist, federal law allows complainants who are dissatisfied at the FEC's dismissal of their complaint to file suit in federal court. Hence, your opponents can use federal election laws to make your life miserable even when the FEC won't play along. A case involving the American-Israel Public Affairs Committee, originally filed with the FEC in *January 1989*, is still in court.



The Cost of Doing Politics

Those unfortunate groups that do become the object of an FEC investigation face high costs and years of legal battle. While these expenses are a "cost of doing politics" for the well-larded major parties, candidates, and committees, they can crush smaller organizations. A good example of how this process works, and how FEC investigations stifle speech, is the case involving the AIDS activist group ACT-UP (AIDS Coalition To Unleash Power).

If you set up a pornographic site on the World Wide Web, the government cannot regulate you in any way. But if you set up your own "Vote for Bill Clinton" Web site and spend more than $250, you're subject to FEC reporting requirements.

During the 1990 election season, ACT-UP chapters in Washington, D.C., and San Francisco announced a boycott of Philip Morris because of the company's support for Sen. Jesse Helms (R-N.C.), then in a tough fight for re-election against Harvey Gantt. The boycott had originated with the Dallas Gay Tavern Guild, which encouraged gay-owned bars and taverns to stop buying Miller beer, made by a Philip Morris subsidiary. Although none of the ACT-UP materials used any of the *Buckley*-proscribed terms, an ACT-UP member told the *Washington Blade*, a gay newspaper: "It all stems from our opposition to Helms. We've got until November to take whatever measures are at hand to defeat Jesse Helms....We have got to get rid of Helms."

This was enough for the Helms campaign to file a complaint with the FEC in August 1990 charging that neither ACT-UP nor the Dallas Gay Tavern Guild were "registered political committees," and they were therefore "ineligible to expend funds in connection to a federal election." Further, the complaint wondered if ACT-UP and the Tavern Guild had violated the ban on corporate contributions. The FEC's counsel ruled that there was sufficient basis to launch an investigation.

An FEC MUR investigation resembles an ordinary piece of litigation, with all the attendant expense and delay. Each of the organizations and several of the individuals within them had to retain separate legal counsel. Following discovery, the FEC determined that ACT-UP had spent more than $5,000 to organize and publicize the boycott, and that this expense constituted an independent expenditure and possibly an illegal corporate contribution. ACT-UP and the other subjects of the investigation had surely racked up many times this amount in legal fees fighting the FEC. (These ACT-UP chapters no longer exist, and calls to their attorney of record asking for comment were not returned.)

By now it was 1993, the election long over, and Helms safely re-elected. Nonetheless, the FEC was pressuring ACT-UP to enter a "conciliation process," in which the FEC "negotiates" with you about the size of the civil fine you will have to pay. ACT-UP decided to continue fighting the FEC. In 1994 the FEC's general counsel, Larry Noble, advised the commissioners to drop the investigation, chiefly because so much time had passed and the ACT-UP chapters involved had gone out of business!

This kind of tortuous process is typical of FEC investigations. One MUR concluded earlier this year dealt with George Bush's campaign appearances in 1988, when he was vice president. Just as Democrats are complaining that Bob Dole violated the spending limits last spring by having the Republican National Committee pay for his travel when his own campaign could no longer legally spend money, Bush in the spring of 1988 traveled at the expense of the Ohio Republican Party to "party building" rallies and meetings. In the course of his remarks, Bush would sometimes lash out at Michael Dukakis, the Democrats' then-apparent nominee. Democrats complained to the FEC, whose investigation stretched over seven years.

The controversy turned on whether Bush's attacks on Dukakis amounted to "express advocacy" on the part of the Ohio Republican Party, or whether, as that party argued, Bush's remarks "taken as a whole" were "incidental" and therefore fell short of the FEC's expansive express advocacy standard. Like this episode from 1988, the current Democratic charges that Dole overspent, and Republican charges that Clinton violated the law in directing Democratic National Committee TV advertising in the spring, can be expected to reverberate around the FEC for years to come.

Critics charge that the FEC, whose $25 million annual budget makes it minuscule by federal standards, is notoriously ineffective: Its investigations of campaign finance law violations seldom begin until after an election has taken place, and they usually drag on for years. Often the investigations are dropped because too much time passes, or because the investigated organization goes out of existence. In 1993 the FEC dismissed 137 cases, and in July 1994 it dropped 29 more cases, including those dating from the 1992 presidential campaigns.

The fact that virtually every presidential campaign since the FEC came into being has been fined for some infraction suggests that FEC oversight could be regarded as a kind of campaign excise tax, since the fines are not levied until well after the election is over. But as the implications of government regulation of politics become more clear, we may well be thankful that the FEC enforcement capacity lags so far behind its workload.

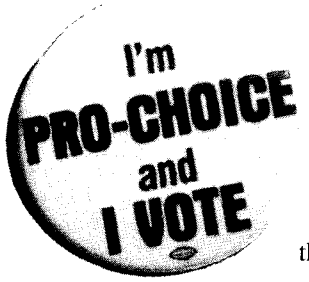
Giving Away Air

Recognizing how complex the regulation of campaign finance has become, the FEC issues "advisory opinions" to any person or organization seeking clarification of what they can and can't do. FEC advisory opinions require assent of four of the six FEC commissioners; if the commission members deadlock, you're on your own. This process sets up the FEC as the "Mother May I" agency for political activity and lays bare the power of the FEC to clog up the nation's political arteries.

For example, goo-goos are ecstatic right now at the TV networks' offer to give presidential candidates free air time this fall. The irony is that, narrowly construed, giving free TV time is a violation of the ban on corporate campaign contributions that goo-goos otherwise support. The FEC has a long record of issuing advisory opinions saying that businesses may not give away anything of value that they otherwise sell or for which they require a deposit (e.g., phone services, T-shirts, computers). TV networks sell programming or advertising to support programming, and air time would seem to fall clearly into the category of goods or services that can't be given away. None of the TV networks has asked for an advisory opinion, and, predicts former FEC Chairman Potter, "There's no way the FEC is going to rule that this offer is illegal, because it is so popular with everyone. If asked, they will find a way to say that it fits under the general 'news event' exception that exists in the law for newspapers, TV, and radio."

One FEC investigation concluded this year dealt with George Bush's campaign appearances in *1988*, when he was vice president. A case against two ACT-UP chapters lasted four years—longer than the chapters themselves.

But not all media can expect to find such favor. In January, CompuServe asked for an advisory opinion on whether it could offer free on-line sites to any federal candidate who wished to have one. The FEC said no: Even though CompuServe does give away some free on-line sites from time to time, "the Commission still concludes that your proposed gift to Federal candidates of valuable services which enable them to communicate with voters and advocate their candidacies would constitute in-kind contributions to those candidates and would be prohibited."



A Manifest Failure

The issue of federal regulation of politics seldom reaches the threshold of public consciousness, chiefly because people are disgusted by the open, brazen influence of interest-group money in Washington. That none-too-well-concealed influence peddling distracts us from the deeper issue of whether it is advisable, let alone possible, for the government to regulate the very political process by which it is reconstituted at each election.

The existing regulations have done very little to reduce the actual influence of big money in politics. Instead, the political reforms of the Watergate era have made campaign financing into an even finer art, largely dominated by insider practitioners in Washington. If anything, the post-reform climate has *enhanced* the ability of special interests to influence Congress, demonstrating again that the law of unintended consequences is the most frequently enacted of all laws (though whether this effect was in fact unintended may be open to a healthy skepticism). Meanwhile, genuine grassroots citizen groups face substantial hurdles to effective participation. The result is a distinct chilling of political speech, if not a direct attack on the First Amendment.

A few keen observers of this situation, such as the University of Virginia's Larry Sabato, recognize that campaign reform is a manifest failure and that we should ease or remove existing campaign finance regulations. In their recent book *Dirty Little Secrets*, Sabato and Glenn Simpson advocate what they call "deregulation plus," which would involve significantly increasing—if not abolishing—contribution limits, along with strengthened disclosure rules. We should, they argue, "[l]et a well-informed marketplace, rather than a committee of federal bureaucrats, be the judge of whether someone has accepted too much money from a particular interest group or spent too much money to win an election."

Conventional wisdom runs the other way: Reformers want a vast expansion of the government's power to regulate politics. Although campaign finance reform recently died (again) in Congress, it is sure to return for an encore engagement, cheered on by Common Cause, the Center for Responsive Politics, Ralph Nader's Public Citizen, and other goo-goos who are often the darlings of a goo-goo media.

Reformers would like to ban "soft money" and "bundling," and sharply curtail independent expenditures. Since independent expenditures are protected under the First Amendment and can't be banned outright, the reformers propose a scheme of public financing under which a candidate would receive extra public funds to match any independent expenditure on behalf of his or her opponent.

Reformers also seek a blanket ban on PACs, which would almost surely be unconstitutional. Even more ominous, the goo-goos have proposed giving the FEC injunctive powers, so that it could step in during an election campaign and stop unregulated political activity, such as ACT-UP's boycott or a Christian Coalition voter's guide.

This would amount to setting up a political police. In the words of Jan Baran, a Washington attorney who represents a variety of clients in election law matters (he argued the *Colorado* case before the Supreme Court): "The political police have never been benign anywhere. Why do we think we can be any better at it than any other society? Are we somehow special?" R

Contributing Editor Steven Hayward (Hayward487@aol.com) is vice president for research at the Pacific Research Institute, a San Francisco–based think tank. Allison Hayward (Allison_Hayward/WRF.WRF@wrf.com) practices election law with the Washington, D.C., firm of Wiley, Rein and Fielding. She represents a variety of clients in matters relating to the FEC. Nothing in this article necessarily represents the views of the firm or its clients.

Moving Money Around Washington

Campaign finance reform began not with Watergate but during the Progressive Era, when—not coincidentally—the first federal regulatory activities came into being. Theodore Roosevelt actually proposed public financing of elections in 1907, arguing that "if our political institutions were perfect, they would absolutely prevent the political domination of money in any part of our affairs." Though public financing was as much a nonstarter then as it is now, Congress did prohibit corporate campaign contributions. During World War II this ban on contributions was extended to labor unions.

A Brief Tour of "Bundling" and Other Beltway Bypasses

But if corporate and labor union contributions are banned, how is it we so often read in the paper that some corporation has contributed thousands of dollars to a particular candidate, or that labor unions are planning to spend millions of dollars in this November's election? Corporations and labor unions are allowed to have their own political action committees, and although corporate funds may not be used for contributions, a corporation may pay the PAC's administrative expenses.

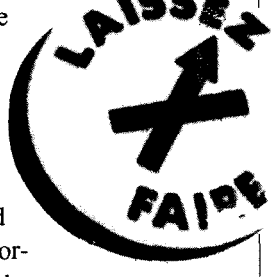
Corporations raise their money from a defined "restricted class" of employees, usually executives, administrators, shareholders, and their families. Corporations and their PACs are not allowed to communicate with their entire labor force. Labor unions, on the other hand, are technically "membership organizations," and as such can raise PAC funds directly through dues and "communicate" (which includes endorsing candidates) with all of their members. This is how labor unions are able to raise and spend millions without running afoul of the contribution limits or independent expenditure regulations.

Strict contribution limits have led to a proliferation of alternative routes for money from organized interest groups. The biggest end run around the contribution limits is "soft money," which is a donation to the "non-federal" bank accounts of official political party committees, such as the Republican National Committee or Democratic National Committee.

"Soft money" is not tied to any individual candidate but is supposedly intended for "party-building" activities, such as voter registration drives and opinion polling. There are no limits on "soft money" contributions, which is why Dwayne Andreas of Archer-Daniels-Midland can give millions directly to both political parties and maintain the fiction that he isn't trying to buy ethanol subsidies because he doesn't contribute much directly to candidates. Charles Keating attempted to use this route to give more than $1 million indirectly to several senators in exchange for their calling off the bank regulators—but earmarked soft money (as well as the purchase of official action) are big no-nos in federal election law. Similarly, using another loophole, Andreas can allow Bob Dole and other politicians to fly on his private jet for the cost of a first class airline ticket, and it doesn't count as any kind of contribution or personal gift.

The second end run around the direct contribution limits is "bundling," in which a political organization rounds up a large number of individual contributions and forwards them to a favored candidate. This is the technique perfected by EMILY's List, which raises large sums for women Democratic candidates.

Finally, there is the "independent expenditure." PACs or individuals who feel especially strongly for or against a candidate can exercise their First Amendment right of free speech, launch a media campaign, and spend any sum of money they choose. Independent campaign activities, however, must be "uncoordinated" with the candidate, although it is permissible (but risky) to "inform" the candidate of your plans. Organizations that engage in "indirect" political activity, such as GOPAC in the days when it was mostly a cassette tape distribution service and not a real PAC at all, are not subject to contribution limits or reporting requirements. Hence, a wealthy donor who faces a $5,000-per-election limit for contributions to a PAC can give unlimited amounts to organizations that do not formally support individual candidates. Such organizations, of course, provide a handy means for donors to give large sums to benefit the pet projects of their favorite politicians.



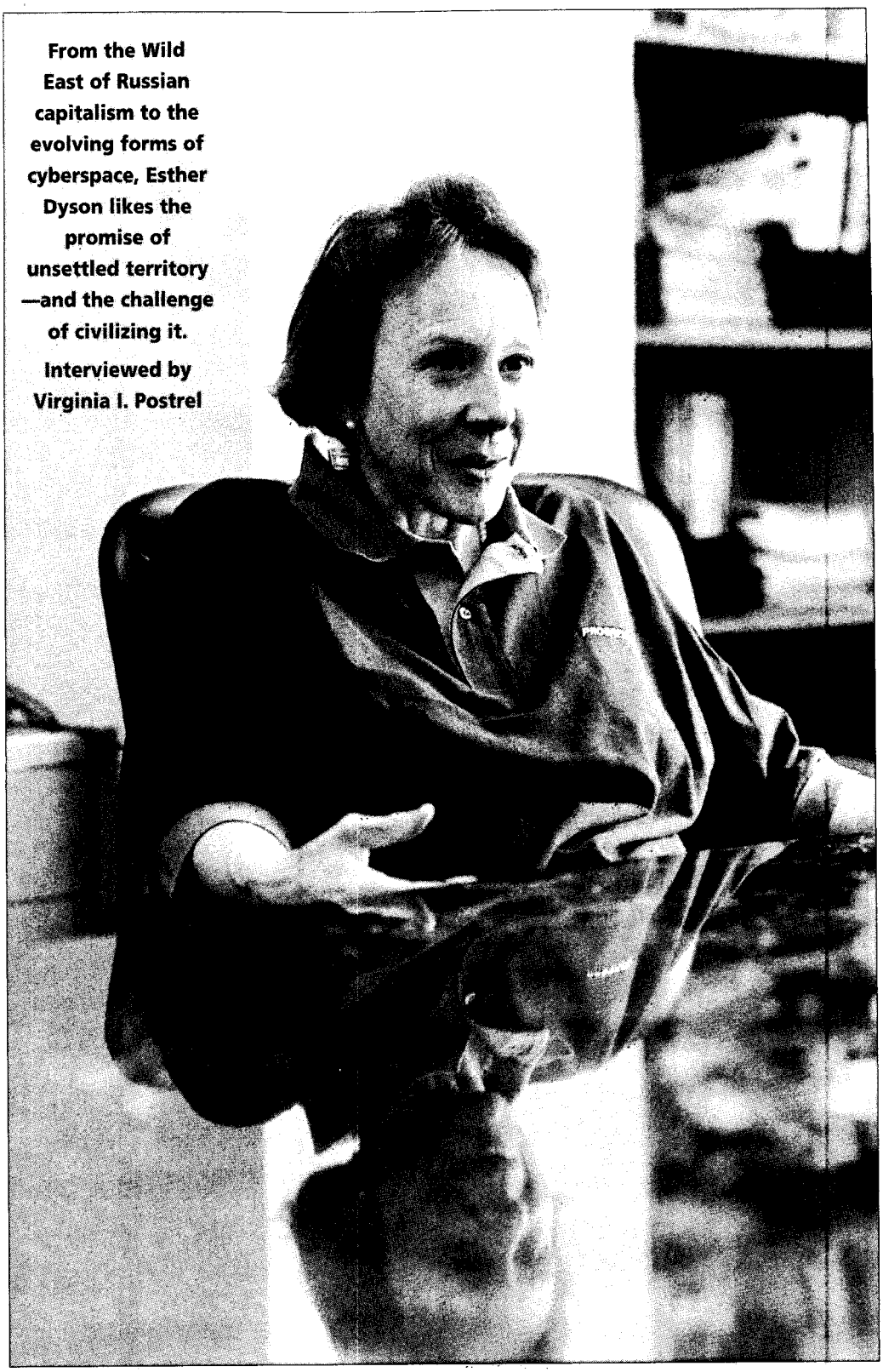
The basic problem with campaign finance reform is that campaign contributions are like the proverbial toothpaste tube: Squeeze it here, and it will swell up somewhere else. The attempt to limit the influence of money in politics through regulation is futile so long as moneyed interests have so much at stake in what goes on in Washington. Interests will always find a way around the regulations to feed the politicians' insatiable demand for money. The only sure means of reducing the corrupting effect of money in politics is to reduce the size and scope of government.

—Steven Hayward and Allison R. Hayward

ON THE FRONTIER

From the Wild East of Russian capitalism to the evolving forms of cyberspace, Esther Dyson likes the promise of unsettled territory —and the challenge of civilizing it.

Interviewed by Virginia I. Postrel



PHOTOS: BUZZ FREITAG

"How [Esther] Dyson makes her living is hard to classify," Claudia Dreifus wrote recently in *The New York Times Magazine*. Actually, it is not. Dyson (edyson@edventure.com) is a cyberguru—perhaps the only one who's matter-of-fact.

Dyson has advised the Clinton administration directly through the National Information Infrastructure Advisory Council and Gingrichite Republicans indirectly through the Progress and Freedom Foundation's various activities. She chairs the Electronic Frontier Foundation and sits on the board of the Santa Fe Institute. Most of the time, however, she's a knowledge entrepreneur: Customers pay a pretty penny for her thoughts on the implications of new technologies for business, law, and culture—and for her ability to bring together people whose ideas catalyze each other, creating yet more new inventions. She publishes an influential newsletter, holds high-priced conferences, and invests in Eastern European ventures.

But there is nothing grandiose about Dyson. She doesn't talk of "revolution" or call the Internet "the most important invention since fire." Eschewing grand theories, she prefers to reason from real-world developments and a few key observations: the economic value of time and attention, the inescapable fact of tradeoffs, the morality and productivity of freedom. The *Times* dubbed her "the most powerful woman in the 'Net-erati'," a back-handed compliment typical of our era. Dyson's achievements and insights have very little to do with her sex.

She travels constantly, at home anywhere there are interesting people and a swimming pool for her daily workout. REASON Editor Virginia Postrel caught up with her at her office in New York City for an interview in February, with follow-up questions after the first Russian elections in June.

Reason: How did you first get interested in Russia?

Esther Dyson: I had taken Russian in high school, but then I hadn't done anything with it. I'd always wanted to go to Russia but I was busy with my day job. Then [in 1989] the head of Computer Professionals for Social Responsibility mentioned that he was going to Russia [in April]. I said, "Oh great! Can I come along and translate?" And he called my bluff. So I spent two days in intensive Russian training. The first thing I had to do was learn by heart a two-paragraph explanation of who I was, so I could say to anyone I met, "Good morning. My name is Esther Dyson. I publish a monthly newsletter." It was very clever.

We were invited by something called the International Computer Club, which was more like a trade organization of computer users—big Russian banks and ministries. After about three or four days, some delegation of genuine German businessmen showed up, so the Russians pretty much abandoned us. I had a few names of some programmers. One of them was the guy who wrote Tetris. So I called him up at home —and I was very nervous because he was so famous. He was very nervous because I was this foreign American lady. He didn't know who I was, but he was sure I was very important. We became quite good friends.

In the space of three weeks, I met a fair bunch of the guys who were just starting those little programmers' co-ops, and everybody was talking about starting businesses. One man said, "This is going to be great. The government is going to set free market prices." This was when everybody was not going to work, or at work they were watching the First Congress of People's Deputies on television. It was clear that within five or six months there would indeed be

"Take the evolution of the Electronic Frontier Foundation. It began as hackers' rights. Then it became general civil liberties of everybody—government stay away. But the more you think about these things, the more you realize there is no simple answer like, 'Government is bad.' Or, 'Government should do everything.' You have to be a grownup. You have to decide what government should do and not do. And what's its appropriate size and what's its appropriate scale."

free market prices set by the government, there would be a democracy—it was just obvious that everything was going to work out. It was a time of wonderful optimism and illusion that was totally unfounded. And I came back and I wrote a piece for the newsletter, which I eventually rewrote for *Forbes*.

In October I got invited back. And again, it was very interesting. We went to Tallin, to St. Petersburg. It was a different bunch of people. Then again in December I got asked back. This was more of an official trip. It was just horrible—Soviet apparatchiks giving a speech, then the translator giving a speech. After the first day I just said I was sorry, I was sick, I couldn't go. And I called up some of the programmers I'd met and had a wonderful, wonderful time. I tacked on three days in Hungary over Christmas on my way back. That was the period during which the Ceausescus were executed in Romania. I realized I was homesick for Russia, which is bizarre, because I was supposed to be homesick for getting back to the U.S.

That was when I decided that I was going to keep doing this as half of what I was doing—just somehow try to foster Silicon Valley in Eastern Europe. Having seen a non-market economy, I suddenly understood much better what I liked about a market economy.

Reason: Which was?

Dyson: Number one, that it works. Number two, that it's moral. Not always, and not everybody in it is moral, but the system is, I think, a moral one.

Reason: How?

Dyson: In the sense that people who produce things and work get rewarded, statistically. You don't get rewarded precisely for your effort, but in Russia you got rewarded for being alive, but not very well rewarded. A worker's paradise is a consumer's hell. People were beaten down. Everybody drank too much. Everything was hostile and dysfunctional. It was a good education about why the U.S. was a better place.

So I started thinking about all this kind of stuff, and complex adaptive systems. I joined the board of the Santa Fe Institute. I became a real free market fanatic. I'm probably less so now than even two or three years ago.

Reason: Why?

Dyson: Well, take the evolution of the Electronic Frontier Foundation. It began as hackers' rights. Then it became general civil liberties of everybody—government stay away. But the more you think about these things, the more you realize there is no simple answer like, "Government is bad." Or, "Government should do everything." You have to be a grownup. You have to decide what government should do and not do. And what's its appropriate size and what's its appropriate scale.

Since I became chairman, I've tried to turn EFF into civil liberties *and* responsibilities. I would much rather see responsibilities exercised by individuals than have them imposed by the government. But there is a corollary to freedom and that's personal responsibility, and the real challenge is how you generate that personal responsibility without imposing it.

Having spent time in Washington—starting with the EFF and now with the NII Advisory Council—that's been extremely *educational*. Mostly it's been not terribly inspiring.

Reason: What have you learned?

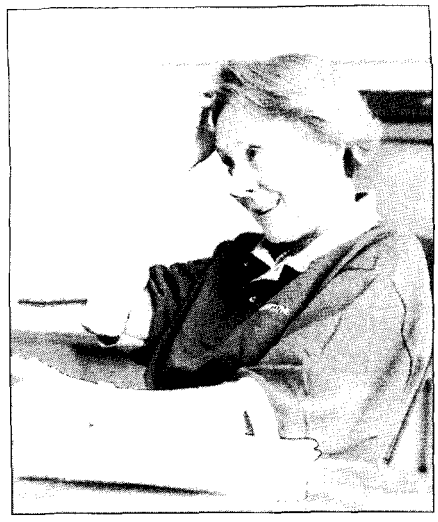
Dyson: Oh, that all the things my father [physicist Freeman Dyson] had told me about how disgusting Washington is are true. And again it's the system—there are lots of nice, well-meaning people there. But it's a sleazy place. And politics is all about doing favors.

When I go to Russia I talk about corruption, which is really bad there—it's not perfect here either. It's usually subtler and gentler, but it exists. It's a rare politician who takes $10,000 and then votes for a bill. But his friends are in the corn business, so he understands the corn point of view. And who's going to give him money? Well, the corn people. So he's not on the take, but his world view is influenced. It's usually much more subtle than wads of cash being handed around. I've seen disgusting excess in business, and I've seen disgusting excess in Washington. But at the same time, I've certainly learned that Washington matters and that you can't ignore it, especially when you get into telecom.

Reason: You were in Russia for the general presidential election. What do you make of the situation now?

Dyson: Extremely cheerful. You never know what is going

"Number one, [a market economy] works. Number two, it's moral. Not always, and not everybody in it is moral, but the system is, I think, a moral one. People who produce things and work get rewarded statistically. You don't get rewarded precisely for your effort, but in Russia you got rewarded for being alive, but not very well rewarded. A worker's paradise is a consumer's hell. It was a good education about why the U.S. was a better place."



to happen, but it looks very good. It was just wonderful to be there. Every night you'd come home and turn on the TV, and some other jerk was being fired by Yeltsin. He's getting rid of some of the bad actors. It's not going to be easy, but there is a sense that we can get on with it now, where there wasn't before.

Reason: You're not concerned about Lebed?

Dyson: I'm concerned about lots of things, but given the alternative, it's extremely cheerful. My big concern about Lebed is that he thinks the way to cure corruption is to come down hard on it. The better way to cure corruption is to have openness. What I'm thinking about more and more these days is simply the importance of transparency, and Jefferson's saying that he'd rather have a free press without a government than a government without a free press.

Reason: How does that apply in the Russian context?

Dyson: Well, they have a "free press," but they don't have an honest press, and they certainly don't have openness. For example, right before the elections the press was free and made a free choice to be untruthful. But I'm glad to see that after the elections they are now printing some unpleasant truths about Yeltsin and his crew. Still, there is the presumption that things are secretive, business is secretive. Nobody knows who got their money from where. It's debilitating.

You need fewer laws, other than disclosure. I don't care how much you spend on your election campaign as long as I know how much it is and where it came from. I think I have the right to know what Steve Forbes paid in taxes—I don't think there should be a law. I think there should be a presumption. I wouldn't vote for a guy who wouldn't reveal what he paid in taxes. That kind of thing. And the Russians certainly don't have it. If a woman shows up in a fur coat, I just assume she's a crook. And that's me, the nice American. The assumption that you can't make money honestly is a killer.

Reason: But some people do manage to make money honestly?

Dyson: A lot of it is you hire people to do the dirty work like importing. There's almost no way of doing importing honestly, because if you do you're at such a disadvantage competitively. So people spend huge amounts of effort getting around stupid laws and not paying taxes. If everybody paid their taxes the government would have way too much money. But as it is, the crooks benefit at the expense of people who try to be honest.

Reason: Let me ask you about some articles, all from one day's *Chicago Tribune*. First, "China Orders Internet Users to Register with the Police." This kind of article, which we're seeing more and more of, both foreign and domestic, calls into question the claim that the Internet and technology make government irrelevant and freedom inevitable.

Dyson: There are two versions of the answer. One is, of course. The Chinese government controls everything. What you saw in Russia was that the law didn't matter and probably still doesn't matter. But in the old days, there was always some law that you didn't know about that you could have broken. If they wanted to put you in jail, they would. Somewhere, somehow you had broken a law. Or they could say that you had broken a law. Or they could get three neighbors to testify. Because the neighbors had children—everybody had something that made them vulnerable. So a government can control—and a really vicious government can control close to absolutely. What they cannot do is allow the Internet and allow commerce and get the economic benefits, and still control people. That's where the contradiction comes.

The control in Russia was sitting in Moscow. But what made the system so devastating was that it was your neighbors, the factory where you worked—your entire life was circumscribed by people who were similarly under the yoke. It's a very interesting, strange thing. I have a lot of close Russian friends who are open. And I keep trying to ask them, "What was it like growing as a child? What did your parents tell you? When did you know the system was bad?" You never get a clear, American answer. The answer I actually came up with is—I tried this before and it works—how much do you think about bestiality?

Reason: Me? It does not really cross my mind, except vis à vis Internet censorship.

Dyson: But you don't think about *not* thinking about bestiality. You don't remember your parents telling you that this was

"If you said to a Russian 10 or 15 years ago, 'So how often do you think about making a profit?,' the answer would be: 'I don't think about making a profit except when you talk about the bad American system. But why *would* I think about it? It just wasn't something you discussed. People weren't supposed to want to make a profit.' There is so much fuzziness in how Russians think about most of the world. That's why you go there and they expect the government to set free market prices."

disgusting and you shouldn't think of it. It wasn't something that if you were a normal kid you thought about a lot. And as a grown-up you don't remember not thinking about it.

And if you said to a Russian 10 or 15 years ago, "So how often do you think about making a profit?," the answer would be sort of the same: "I don't think about making a profit except when you talk about the bad American system. But why *would* I think about it? It's not that I remember my parents telling me that it was bad. I just sort of knew growing up it just wasn't something you discussed. People weren't supposed to want to make a profit."

So it's very hard, even now—there is so much fuzziness in how Russians think about most of the world. It wasn't bestiality, it was making a profit. It was freedom. It was being able to talk about things. It was that the police were always on the take and you couldn't say it. There was *so much* that you just weren't supposed to think about. A lot of our traditions of thinking clearly about things and resolving conflicts just aren't part of the normal psyche there. And that's why you go to Russia and they expect the government to set free market prices.

Reason: Article number two: "No Sure-Fire Way to Shield Children from Online Smut." This basically argues that neither the law nor the various kinds of software screens that are out there can be a surefire way to shield children.

Dyson: Just as rules about bookstores and the age of children going into movies aren't enough to shield them from film smut or book smut or buying cigarettes. The world is imperfect. Part of the problem is when we bring in a new technology we expect it to be perfect in a way that we don't expect the world that we're familiar with to be perfect.

Reason: The third article is: "Clinton Plan Would Put Computer in Every Classroom." It says, "Clinton wants to spend $2 billion on a program whose goals include modern computers in every American classroom and library and data linkages between them, effective and engaging educational software to run on the machines and training for teachers on how to use them." This is a $2 billion program, but there's a McKinsey study that estimated that if you really want to do this it will be $47 billion.

Dyson: This study was one product of the NII Advisory Council. One of the fundamental underpinnings of all this is that the federal government should not be funding it. It should be funding things like clearinghouses and demonstration projects, but [the full project] should be a local effort, funded either by local taxes or local corporate donors—it should be managed by local parents and school boards and community centers.

Reason: Some people, such as EFF co-founder John Perry Barlow, have suggested that copyright is obsolete, that we should do away with protection for intellectual property.

Dyson: I have a more complicated point of view. I think copyright is moral, proper. I think a creator has the right to control the disposition of his or her works—I actually believe that the financial issue is less important than the integrity of the work, the attribution, that kind of stuff. But I also feel that often anyone who attempts to enforce that too fiercely ends up being shunted aside, because the best way to get your works known is to give them away for free.

I think that the use of copyright is going to change dramatically. Part of it is economics. There is just going to be so much content out there—there's a scarcity of attention. Information consumes attention, and there's too much information. The notion is simply that attempting to make money off copies of things is usually not the right business strategy. It is an entirely moral and proper approach, but it's rarely going to be effective.

Reason: So what kind of strategies do you foresee?

Dyson: From the business point of view—not to overstate it—intellectual property is dead; long live intellectual process. Long live service; long live performance. The intellectual assets should be distributed for free, and then you should use them as advertising to charge for speaking, consulting, for software support—for T-shirts. *The Lion King* is great advertising for T-shirts, baseball caps, lunch boxes. To me Java [software] is advertising for Sun Microsystems. And my newsletter—

Reason: Which is not cheap.

Dyson: If you meet me at a conference, I'll give it to you for free. But if you want a steady supply, a subscription, I will charge you $600. Again, you give it away once or twice for free to hook

"Change means that what was before wasn't perfect. People want things to be better. They certainly complain all the time about their problems, but at the same time [it's hard] to be told that the rules by which they lived, the assumptions on which they based their lives, that these things were wrong—and that's what change implicitly means. When you get a haircut and people say, 'Gee, you look really great,' you always wonder, 'What did I look like before?' "

them on the serial, on the subscription, on the membership. But people are much less likely to pay for one copy. They will pay for a stream, for a performance, an experience.

Reason: The Net will also make possible very small charges.

Dyson: Now that's the most interesting question. A lot of people say that maybe you can't charge $2.00 a page, but could you charge five cents a page? You probably could, but you're going to be competing with pages for zero. And so some intellectual property will be charged for and some won't. But the overall price levels are clearly down.

Reason: You had an interesting statement about reengineering: "Reengineering is supposed to be about continual change and not a one-time shift to something else permanent." I've used similar language to discuss conflicting philosophies of government—open-ended futures versus the technocratic attitude that says, "We like change, but our change is we're going to switch to this and keep it that way." A lot of people are profoundly uncomfortable with—

Dyson: —continual change.

Reason: Then that translates into politics, and you get Pat Buchanan.

Dyson: This is something that you see most intensely in Russia. There was this woman who was interviewed on CNN, I think it was after the second coup, and she was asked if she was optimistic. She was not an old lady, she was not a specimen, she was supposed to be the voice of the future. She said, "Yes, I'm fairly optimistic now. Now maybe we'll get what we were promised." And that was scary.

To go back to your question about change—the emblem of the tragedy is the 50-year-old man who has been as honest as the system allowed him to be, who tried to care about the work he was doing. Now all these people are saying, "Your life was a lie. Communism is corrupt. Everything that you worked so hard to achieve is a sham; but you're too old to be part of the future." To be 50 and say your life is a waste is the worst sort of tragedy, because it's too late to fix it, you've lost the 50 years, you're not dead yet, and you have to go on living with this knowledge.

Change means that what was before wasn't perfect. People want things to be better. They certainly complain all the time about their problems, but at the same time [it's hard] to be told that the rules by which they lived, the assumptions on which they based their lives, that these things were wrong—and that's what change implicitly means. When you get a haircut and people say, "Gee, you look really great," you always wonder, "What did I look like before?"

Reason: What you describe happening to the 50-year-old Russian is an order of magnitude or two greater than what is happening here, but it's really the same thing that's happening to people at AT&T.

Dyson: Exactly.

Reason: Their work was a lie at some level—there were thousands of people who were not really adding value and whose jobs had come out of sheltered monopoly status—and yet they worked hard and played by the rules.

Dyson: They believed in what they were doing.

Reason: Change needs to occur and ought to occur, and it ultimately is better psychologically for us as a society. But in the individual case, it can be really terrible.

Dyson: It can destroy people. And so could living the lie destroy people. This is the thing: Life is not perfect. Again, Russia makes all these points so much more clearly. The transition to a more fair system is very unfair. You talk about corruption, and again, take this 50-year-old. He's a factory manager. The system was you would manage the factory and you got a very small salary, but you got a nice house and you also had control of assets. You didn't own anything, but you could put your brother-in-law in charge of the factory cafeteria. It was understood. Just like a company car in the U.S., or more so in Europe.

Now somebody comes along and says, "We're going to get this new fair society and we're going to privatize your factory, and I'm sorry but you don't own anything. You're not going to get a share in this factory because that's not fair. Just because you worked here for 40 years." Is that fair? Had the rules been the same from the beginning, he would by now have a very nice house that he owned. He would have a pension. He would be doing very well as this factory manager. The transition to a fair

"What really made me fearless was my complete failure at Ziff-Davis. Once you've lived through that, you know you can survive, and you're not as scared. Everybody should have a real failure, ideally when they are pretty young, that gives them a sense of confidence. I think that was one of Steve Jobs's problems. He was successful for way too long before it finally hit him. There's nothing to build confidence like real achievement, but also like real failure."

system cuts him off with nothing. A lot of those people will say, "Well, I deserve this. When the factory goes private, I'm going to sell a chunk to my brother-in-law before it goes private, and then he'll take care of me." And then somebody comes along and says, "That's incredibly corrupt." And it is. But it's just not as simple as it looks.

Reason: Given the fear of change, what do you do?

Dyson: First of all, you have stories and legends and role models. The role model is a person who goes through changes, makes mistakes, tries again. The company goes bankrupt but the workers go and get new jobs at other companies.

I had a lot of successes, but what really made me fearless was my complete failure at Ziff-Davis [where she was hired to start a newspaper, which flopped]. Once you've lived through that, you know you can survive, and you're not as scared. Everybody should have a real failure, ideally when they are pretty young, that gives them a sense of confidence. I think that was one of Steve Jobs's problems. He was successful for way too long before it finally hit him. There's nothing to build confidence like real achievement, but also like real failure.

Reason: Bouncing back from real failure.

Dyson: Genuine achievement gives you a sense that you can do stuff. And genuine failure gives you a sense that you can survive being imperfect. Because the delusion that you're perfect—or that if you just do the right thing, things will always work out OK—makes you resistant to change and fearful of failure. Again, you'd rather not discover that you're imperfect, that maybe what you were doing was wrong. The more people can go through those discoveries the better.

Reason: There seem to be a lot of people in the high-tech arena who are comfortable with change, with a dynamic sense of the future. Is that because people with those attitudes are attracted to those industries, or do those industries create certain attitudes?

Dyson: Usually it's both. People come into it and it feeds on itself. Even between Silicon Valley and Boston, it's much more dynamic in Silicon Valley. Those tendencies are encouraged. That kind of behavior and attitude is rewarded. I don't think you're born with it, which is why I think I can bring some of it to Eastern Europe.

As I said, people need models of how this works, they need stories. There's this guy in the Czech Republic who is truly wonderful, Roman Stanek. He's young, he's successful, he's a good model. He started his own company; he was the Informix distributor, and then he went to work for PowerSoft, and then they got acquired by Sybase. I was involved—not invested, but watching, advising, counseling all the way through. I asked him to speak at my conference last October in Slovenia. He talked a little bit about his life and how it had changed. Then he talked a little about Sybase and the things they were doing wrong and how they were going to fix them, because he was now going to be in charge of Sybase for the Czech Republic. He was funny. He was eloquent. He admitted his mistakes. He talked about how he would fix them. What he said was perfect.

There were three guys from Oracle [a Sybase competitor] in the audience, sitting together, smirking: This is great, Sybase is revealing all its problems. So then I did my duty. I got up and said, "I'm listening to Roman, and I want you to understand that what he's doing is brilliant, and I think he's doing the right thing by admitting his mistakes. I know there are people from Oracle sitting in the audience. But what I want you to get out of this interchange is that everybody knows Sybase had these problems. The people from Oracle know, Sybase knows, Sybase's customers know, but the ability for Roman to admit this—his ability to acknowledge his mistakes and to improve—is a model of how business should be done." That is how I'm trying to change the world, by finding [Eastern Europeans'] own models of success, not just discovering them, but lauding them a little and making them more visible.

Reason: Why do you want to change the world?

Dyson: It's more fun than not changing the world. I've said this so many times, but if I were a maid, I'd like a dirty room. I like building things. But again, I'd rather be a gardener than in construction. I'd rather go out and water the plants and clear the path for the sun to shine and have them grow themselves. You can grow a lot more plants than you can ever build individual things. The plants do their own work. You just help them. ®

THE SWEET SMELL OF SUCCESS(sm)

MACANUDO BARON DE ROTHSCHILD

Move up to perfection with the 6 1/2" x 42 ring Baron de Rothschild, preferred and savored by those uncompromising leaders of men who strive for excellence. Hand-crafted for those same men who insist on fine watches, fine wine, fine coffee, fine food, and above all, fine cigars. Accommodates your most discriminating taste and relished by smokers with sophisticated tastes everywhere.

MY INTRODUCTORY OFFER TO NEW CUSTOMERS

6 Baron de Rothschilds for $15.00;
Regular Retail $24.00.

THOMPSON CIGAR CO.
P.O. Box 31274 • Tampa, FL 33633-0537 • Dept. T235

Send me 6 Connecticut shade-wrapped Baron de Rothschild (N09422) For $15.00 + $3.95 shipping. (Florida residents add 6% sales tax + appropriate county tax). **ONE ORDER PER CUSTOMER**

My Name _____

My Street Address _____ Apt. # _____

City _____ State _____ Zip _____

Daytime Phone # (_____) _____

❑ **$18.95 Enclosed. Charge to my** ❑ **VISA** ❑ **MasterCard** ❑ **AmExpress** ❑ **Discover**

Signed _____

Credit Card No. (Print All Digits) _____ Exp. Date _____

OFFER EXPIRES 1/97• OFFER NOT AVAILABLE TO MINORS • OFFER GOOD ONLY IN THE USA

1915 THOMPSON &CO.,INC.

America's Oldest Mail Order Cigar Company. Est. 1915

© 1995, Thompson & Co., Inc.

LICENSED
ELECTRONIC REPRODUCTION PROHIBITED

1-800-237-2559 Dept.-T235 Fax: 813-882-4605

PROFITS vs. PC

A Silicon Valley CEO says no to boardroom quotas—on moral grounds.

By T. J. Rodgers

When T. J. Rodgers's assistant called me a few months ago to make sure REASON would have no objection to his using our trademark "free minds and free markets" in a letter he was sending to Cypress Semiconductor shareholders, I had no inkling of the impact that letter would have.

The founder and CEO of Cypress, T. J. is a powerfully persuasive writer, someone REASON has been pleased to publish over the years. And though he never strays from logic and data, he is particularly powerful when he's mad.

This time he was very, very mad. T. J. eats, sleeps, lives, and breathes Cypress—it is both his baby and his alter ego—and he hates being bossed around. When he got a rubber-stamped form letter from Sister Doris Gormley, stating that the order she represents would vote against the Cypress board—including T. J. Rodgers—because the board lacks women or minority members, he went ballistic: Cypress was, he believed, under attack from a know-nothing with a coercive political agenda. As *The Wall Street Journal* would later report, he was so pumped up that he recorded the first draft of his reply on his drive home, clamping his teeth down on the microcassette recorder when he had to change gears. He left teeth marks.

Sister Gormley got the letter and so did all Cypress shareholders. And the replies started pouring in, hundreds of them, almost all supportive. Then the *Journal* ran a page-one article on the subject, and T. J. got hundreds more letters. We reproduce here the original letter, along with an article by T. J. Rodgers on how it came to be and what happened next. (Readers who want to read more of Rodgers can check out his letter on immigration on REASON's Web page, http://www.reasonmag.com, under "the latest.")

—Virginia I. Postrel

The Letter

May 23, 1996

Doris Gormley, OSF
Director, Corporate Social Responsibility
The Sisters of St. Francis of Philadelphia
Our Lady of Angels Convent - Glen Riddle
Aston, PA 19014

Dear Sister Gormley:

Thank you for your letter criticizing the lack of racial and gender diversity of Cypress's Board of Directors. I received the same letter from you last year. I will reiterate the management arguments opposing your position. Then I will provide the philosophical basis behind our rejection of the operating principles espoused in your letter, which we believe to be not only unsound, but even immoral, by a definition of that term I will present.

The semiconductor business is a tough one with significant competition from the Japanese, Taiwanese, and Koreans. There have been more corporate casualties than survi-

CHIP BOK

vors. For that reason, our Board of Directors is not a ceremonial watchdog, but a critical management function. The essential criteria for Cypress board membership are as follows:

- Experience as a CEO of an important technology company.
- Direct expertise in the semiconductor business based on education and management experience.
- Direct experience in the management of a company that buys from the semiconductor industry.

A search based on these criteria usually yields a male who is 50-plus years old, has a Masters degree in an engineering science, and has moved up the managerial ladder to the top spot in one or more corporations. Unfortunately, there are currently few minorities and almost no women who chose to be engineering graduate students 30 years ago. (That picture will be dramatically different in 10 years, due to the greater diversification of graduate students in the '80s.) Bluntly stated, a "woman's view" on how to run our semiconductor company does not help us, unless that woman has an advanced technical degree and experience as a CEO. I do realize there are other industries in which the last statement does not hold true. We would quickly embrace the opportunity to include any woman or minority person who could help us as a director, because we pursue talent—and we don't care in what package that talent comes.

I believe that placing arbitrary racial or gender quotas on corporate boards is fundamentally wrong. Therefore, not only does Cypress *not* meet your requirements for boardroom diversification, but we are unlikely to, because it is very difficult to find qualified directors, let alone directors that also meet investors' racial and gender preferences.

I infer that your concept of corporate "morality" contains in it the requirement to appoint a Board of Directors with, in your words, "equality of sexes, races, and ethnic

"My 16 years of Catholic education made me wince when you recommended a moral dismount, but hard times call for hard words."
—assistant vice president of an East Coast consulting firm

groups." I am unaware of any Christian requirements for corporate boards; your views seem more accurately described as "politically correct," than "Christian."

My views aside, your requirements are—in effect—immoral. By "immoral," I mean "causing harm to people," a fundamental wrong. Here's why:

■ I presume you believe your organization does good work and that the people who spend their careers in its service deserve to retire with the necessities of life assured. If your investment in Cypress is intended for that purpose, I can tell you that each of the retired Sisters of St. Francis would suffer if I were forced to run Cypress on anything but a profit-making basis. The retirement plans of thousands of other people also depend on Cypress stock—$1.2 billion worth of stock—owned directly by investors or through mutual funds, pension funds, 401(k) programs, and insurance companies. Recently, a fellow 1970 Dartmouth classmate wrote to say that his son's college fund ("Dartmouth, Class of 2014," he writes) owns Cypress stock. Any choice I would make to jeopardize retirees and other investors from achieving their lifetime goals would be fundamentally wrong.

■ Consider charitable donations. When the U.S. economy shrinks, the dollars available to charity shrink faster, including those dollars earmarked for the Sisters of St. Francis. If all companies in the U.S. were forced to operate according to some arbitrary social agenda, rather than for profit, all American companies would operate at a disadvantage to their foreign competitors, all Americans would become less well off (some laid off), and charitable giving would decline precipitously. Making Americans poorer and reducing charitable giving in order to force companies to follow an arbitrary social agenda is fundamentally wrong.

■ A final point with which you will undoubtedly disagree: Electing people to corporate boards based on racial preferences is demeaning to the very board members placed under such conditions, and unfair to people who are qualified. A prominent friend of mine hired a partner who is a brilliant, black Ph.D. from Berkeley. The woman is constantly insulted by being asked if she got her job because of preferences; the system that creates that institutionalized insult is fundamentally wrong.

Finally, you ought to get down from your moral high horse. Your form letter signed with a stamped signature does not allow for the possibility that a CEO could run a company morally and disagree with your position. You have voted against me and the other directors of the company, which is your right as a shareholder. But here is a synopsis of what you voted against:

■ Employee ownership. Every employee of Cypress is a shareholder and every employee of Cypress—including the lowest-paid—receives new Cypress stock options every year, a policy that sets us apart even from other Silicon Valley companies.

■ Excellent pay. Our employees in San Jose averaged $78,741 in salary and benefits in 1995. (That figure excludes my salary and that of Cypress's vice presidents; it's what "the workers" really get.)

■ A significant boost to our economy. In 1995, our company paid out $150 million to its employees. That money did a lot of good: it bought a lot of houses, cars, movie tickets, eyeglasses, and college educations.

■ A flexible health-care program. A Cypress-paid health-care budget is granted to all employees to secure the health-care options they want, including medical, dental, and eye care, as well as different life insurance policies.

■ Personal computers. Cypress pays for half of home computers (up to $1,200) for all employees.

■ Employee education. We pay for our employees to go back to school, and we offer dozens of internal courses.

■ Paid time off. In addition to vacation and holidays, each Cypress employee can schedule paid time off for personal reasons.

■ Profit sharing. Cypress shares its profits with its employees. In 1995, profit sharing added up to $5,000 per employee, given in equal shares, regardless of rank or salary. That was a 22% bonus for an employee earning $22,932 per year, the taxable salary of our lowest-paid San Jose employee.

■ Charitable work. Cypress supports Silicon Valley. We support the Second Harvest Food Bank (food for the poor), the largest food bank in the United States. I was chairman of the 1993 food drive, and Cypress has won the food-giving title three years running. (Last year, we were credited with 354,131 pounds of food, or 454 pounds per employee, a record.) We also give to the Valley Medical Center, our Santa Clara–based public hospital, which accepts all patients without a "VISA check."

Those are some of the policies of the Board of Directors you voted against. I believe you should support management teams that hold our values and have the courage to put them into practice.

So, that's my reply. Choosing a Board of Directors based on race and gender is a lousy way to run a company. Cypress will never do it. Furthermore, we will never be pressured into it, because bowing to well-meaning, special-interest groups is an immoral way to run a company, given all the people it would hurt. We simply cannot allow arbitrary rules to be forced on us by organizations that lack business expertise. I would rather be labeled as a person who is unkind to religious groups than as a coward who harms his employees and investors by mindlessly following high-sounding, but false, standards of right and wrong.

You may think this letter is too tough a response to a shareholder organization voting its conscience. But the political pressure to be what is euphemized as a "responsible corporation" today is so great that it literally threatens the well being of every

American. Let me explain why.

In addition to your focus on the racial and gender equality of board representation, other investors have their pet issues; for example, whether or not a company:

- is "green," or environmentally conscious.
- does or does not do business with certain countries or groups of people.
- supplies the U.S. Armed Forces.
- is "involved in the community" in appropriate ways.
- pays its CEO too much compared with its lowest-paid employee.
- pays its CEO too much as declared by self-appointed "industry watchdogs."
- gives to certain charities.
- is willing to consider layoffs when the company is losing money.
- is willing to consider layoffs to streamline its organization (so-called downsizing).
- has a retirement plan.
- pays for all or part of a health-care plan.
- budgets a certain minimum percentage of payroll costs for employee training.
- places employees on its Board of Directors (you forgot this one).
- shares its profits with employees.

We believe Cypress has an excellent record on these issues. But that's because it's the way we *choose* to run the business for ourselves and our shareholders—not because we run the business according to the mandates of special-interest groups. Other companies, perhaps those in older industries just trying to hold on to jobs, might find the choices our company makes devastating to their businesses and, consequently, their employees. No one set of choices could be correct for all companies. Indeed, it would be impossible for any company to accede to all of the special interests, because they are often in conflict with one another. For example, Cypress won a San Jose Mayor's Environmental Award for water conservation. Our waste water from the Minnesota plant is so clean we are permitted to put it directly into a lake teeming with wildlife. (A game warden station is the next door neighbor to that plant.) Those facts might qualify us as a "green" company, but some investors would claim the opposite because we adamantly oppose wasteful, government-mandated, ride-sharing programs and believe that car-pool lanes waste the time of the finest minds in Silicon Valley by creating government-inflicted traffic jams—while increasing pollution, not decreasing it, as claimed by some self-declared "environmentalists."

The May 13, 1996 issue of *Fortune* magazine analyzed the "ethical mutual funds" which invest with a social-issues agenda, and currently control $639 billion in investments. Those funds produced an 18.2% return in the last 12 months, while the S&P 500 returned 27.2%. The investors in those funds thus lost 9% of $639 billion, or *$57.5 billion in one year,* because they invested on a social-issues basis. Furthermore, their loss was not simply someone else's gain; the money literally vanished from our economy, making every American poorer. That's a lot of houses, food, and college educations that were lost to the "higher good" of various causes. What absurd logic would contend that Americans should be harmed by "good ethics"?

In May *Fortune* magazine analyzed the "ethical mutual funds" which invest with a social-issues agenda, and control $639 billion in investments. Those funds produced an 18.2% return in the last 12 months, while the S&P 500 returned 27.2%. The investors in those funds thus lost 9% of $639 billion, or *$57.5 billion in one year,* because they invested on a social-issues basis.

Despite our disagreement on the issues, The Sisters of St. Francis, the ethical funds, and their investors are merely making free choices on how to invest. What really worries me is the current election-year frenzy in Washington to institutionalize "good ethics" by making them law—a move that would mandate widespread corporate mismanagement. The "corporate responsibility" concepts promoted by Labor Secretary Reich and Senator Kennedy make great TV sound bites, but if they were put into practice, it would be a disaster for American business that would dwarf the $57 billion lost by the inept investment strategy of the "ethical funds." And that disaster would translate into lost jobs and lost wages for all Americans, a fundamental wrong.

One Senate proposal for "responsible corporations," as outlined in the February 26 issue of *Business Week,* would grant a low federal tax rate of 11% to "responsible corporations," and saddle all other companies with an 18% rate. One seemingly innocuous requirement for a "responsible corporation," as proposed by Senators Bingaman and Daschle, would limit the pay of a "responsible" CEO to no more than 50 times the company's lowest-paid, full-time employee. To mandate that a "responsible corporation" would have to limit the pay of its CEO is the perfect, no-lose, election-year issue. The rule would be viewed as the right thing to do by voters who distrust and dislike free markets, and as a don't-care issue by the rest. But the following analysis of this proposal underscores the fact that the simplistic solutions fashioned by politicians to provoke fear and anger against America's businesses often sound reasonable—while being fundamentally wrong.

Consider the folly of the CEO pay limit as it applies to Intel: the biggest semiconductor company in the world, the leader of America's return to market dominance in semiconductors, the good corporate citizen, the provider of 45,325 very high-quality jobs, the inventor of the random-access memory, the inventor of the microprocessor, and the manufacturer of the "brains" of 80% of the world's personal computers. Suppose that Intel's lowest-paid trainee earns $15,000 per year. The 50 to 1 CEO salary rule would mandate that the salary of Intel's co-founder and CEO,

"CEOs who insist on board clones failed to play high-school sports or other security-enhancing activities."
—Sarah A.B. Teslik, executive director of the Council of Institutional Investors

Andy Grove, could be no more than $750,000. Otherwise, Intel would face a federal tax rate of 18% rather than 11%. Last year, Andy Grove earned $2,756,700, well over that $750,000 limit, and Intel's pretax earnings were $5.6 billion. Seven percentage points on Intel's tax rate translates into a whopping $395 million tax penalty for Intel. Consequently, the practical meaning of this "responsible corporation" law to Intel would be this gun-to-the-head proposition: "Either cut the pay of your Chief Executive Officer by a factor of four from $2,756,700 to $750,000, or pay the federal government an extra $395 million in taxes."

The Bingaman-Daschle proposal would limit the pay of the CEO of the world's most important semiconductor company to less than that of a second-string quarterback in the NFL! That absurd result is not about "responsible corporations," but about two leftist senators, out of touch with reality, making political hay, causing harm, and labeling it "good." Their plan is particularly immoral in that it would cause the losses inherent in practicing their newly invented false moral standard to fall upon all investors in American companies, even though the government itself had not invested in those companies.

Meanwhile, my current salary multiple of 25 to 1 relative to our lowest-paid employee would qualify Cypress as a "responsible corporation," only because we are younger and not yet as successful as Intel—a fact reflected by my lower pay. If Cypress had created as much wealth and as many jobs as Intel, and if my compensation were higher for that reason, then, according to the amazingly perverse logic of the "responsible corporation," Cypress would be moved from the "responsible" to the "irresponsible" category for having been more successful and for having created more jobs! A final point: Why should either Intel or Cypress, both companies making 30% pre-tax profit, be offered a special tax break by the very politicians who would move on to the next press conference to complain about "corporate welfare?"

How long will it be before Senators Kennedy, Bingaman, and Daschle hold hearings on "irresponsible corporations" that pay tens of millions of dollars to professional athletes? Or are athletes a "protected group," leaving CEOs as their sole target? If not, which Senate Subcommittee will determine the "responsible" pay level for a good CEO with 30% pre-tax profit, as compared to a good pitcher with 1.05 earned run average? These questions highlight the absurdity of trying to replace free market pricing with the responsible-corporation claptrap proposed by Bingaman, Daschle, Kennedy, and Reich.

In conclusion, please consider these two points: First, Cypress is run under a set of carefully considered moral principles, which rightly include making a profit as a primary objective. Second, there is a fundamental difference between your organization's right to vote its conscience and the use of coercion by the federal government to force arbitrary "corporate responsibilities" on America's businesses and shareholders.

Cypress stands for personal and economic freedom, for free minds and free markets, a position irrevocably in opposition to the immoral attempt by coercive utopians to mandate even more government control over America's economy. With regard to our shareholders who exercise their right to vote according to a social agenda, we suggest that they reconsider whether or not their strategy will do net good—after all of the real costs are considered.

Sincerely,

T. J. Rodgers
President CEO

Real Corporate Responsibility

Silicon Valley is an extraordinarily apolitical place. The simple fact is that we don't much care about Washington. The city is filled with wealth takers who redistribute taxes with the pork-barrel process, their surest route to re-election. On the other physical and intellectual side of the continent, in Silicon Valley, people turn their brainpower into billions of dollars of revenue and profit. They voluntarily work long hours to prevail in the intense technology free market competition that has changed the world, and they enjoy the true self-esteem that comes from competence and hard work, not as a gift from anyone else.

Despite my desire to focus on business, I testify about once a year before a Senate or House committee, but I don't make the 13-hour round trip to Washington to provide six minutes of sound-bite testimony just to improve government. I only travel to Washington when Congress is considering some "good idea" that is so potentially devastating to our company and shareholders that I cannot afford to stay home.

One recent political assault focused on legal immigrants, who represent 40 percent of our R&D staff and 40 percent of our executive staff. Sen. Alan Simpson (R-Wyo.) proposed to force legal immigrants who had just received college degrees in America back to their home countries for three years. Think about it: forcing legal immigrants, who make up 55 percent of recent advanced-degree recipients, to leave the country so they can compete against the country that educated them!

Unfortunately, another "good idea" is circulating in Washington these days. "Socially responsible corporation" legislation sounds innocuous, but it has the potential to do great harm to American companies. This is not a Beltway sideshow: Deputy Democratic Whip Jeff Bingaman (D-N.M.) leads the effort.

The first such legislation to make it into bill form comes from Sen. Byron Dorgan (D-N.D.). His right-sounding concept: American companies should not fire American workers and export their jobs offshore. Dorgan's "good idea" provides a justification for the federal government to step in and manage yet another

aspect of American business. Under his proposal, any American corporation owning a foreign subsidiary will be charged an incremental punitive tax on that operation if it re-imports more than 10 percent of the subsidiary's output back to the United States. The idea is to discourage exporting American jobs. Like most government meddling, however, the concept falls apart as soon as it is moved from the ceiling of the Sistine Chapel and brought down to the real world.

Almost all American and Japanese semiconductor companies mold their chips in a protective plastic coating (assembly) and do their final testing in such Far Eastern countries as Thailand, Malaysia, and Indonesia. That's because the assembly and test operations in chip manufacturing are low-tech and extremely labor intensive, and, therefore, best performed where the labor rates are less than a dollar an hour. Most American companies manufacture a majority of their chips in the United States, because the chip-making job is difficult and adds tremendous value, easily justifying the $9.00 to $25 hourly wage of our clean-room workers. The most common manufacturing flow for made-in-America chips is processing in the South or West (Texas, Arizona, New Mexico, or California), export to the parent's offshore subsidiary for packaging and testing (a seven-day operation costing on the order of 25 cents), and, in a final step, *re-importing* the chips back to the United States for shipment. We therefore re-import much more than 10 percent of our subsidiary's output—because we want our chips back!

Choosing a Board of Directors based on race and gender is a lousy way to run a company. Cypress will never do it. I would rather be labeled as a person who is unkind to religious groups than as a coward who harms his employees and investors by mindlessly following high-sounding, but false, standards of right and wrong.

Our assembly and testing facility in Manila is across the street from a similar Japanese plant. If the Dorgan initiative becomes law, we would be taxed punitively; the Japanese would not. This is another example of what Milton Friedman calls the "invisible foot" of government—an ostensibly good idea that produces the opposite of its intended effect.

For a Silicon Valley CEO who has no political ambitions, no staff to implement political initiatives, no lobbyists, and no history of significant political contributions, the best way to prevent bad ideas from becoming bad laws is to tell legislators face to face that their idea is a big mistake and prove it with an indisputable argument. For example, a CEO might give this congressional testimony:

"Sen. Dorgan, have you considered the fact that your punitive tax on the foreign subsidiaries of American corporations will damage virtually every company in the semiconductor industry, making our companies less competitive relative to Japan and putting Americans out of work? Let me explain...."

Since most of the laws enabling social engineering are designed in a vacuum by Washingtonians detached from the realities of the marketplace, the most effective attack is to describe what's crushed—and whom—beneath the "invisible foot." Strangely, in the six minutes allowed for testimony, power changes hands. Real-world reason prevails over political platitudes. Having given politicians nothing and having asked nothing from them, an apolitical CEO can be a handful to deal with, especially if he or she is angry, loaded with facts, and prepared to use phrases such as "profoundly ignorant." The testimony cannot change the votes of socialists who want to regulate more, or the votes of the free marketeers who are always on our side, but it can scare the hell out of the undecided middle—politicians who know potential bad press when they see it.

Thus, to prevent social engineering from becoming counterproductive law, a CEO must have a well-reasoned argument that stands up to logical and factual scrutiny; enough interest from the press to convince Congress that it will have to take responsibility for its vote; and an invitation to testify. The invitation is usually extended to experts who have taken a strong public position on the issue in question.

Taking on the Nuns

Back in May, after reading about Dorgan's bill, I decided to write an op-ed piece on corporate responsibility. Since I deal only with issues that are potentially harmful to our company and our shareholders, I usually write op-eds in the form of a letter to our shareholders. Then, frequently, I modify the article for outside publication. The problem with that strategy on the issue of "social responsibility" legislation was that Dorgan's bill is a dry tome that has received little publicity, except for some White House hype coming from Clinton's day of praising do-good corporations.

Then, I had a stroke of luck: a form letter from Sister Doris Gormley, the director of social responsibility for the Sisters of St. Francis, an order in Philadelphia. The letter announced that the order, as a shareholder, had withheld its vote for me and our other directors because Sister Gormley had inferred from reading our proxy that we had no women or minorities on our five-person board. The good sister lectured further that it was obviously better to run a company with a diverse group representative of the population at large.

The opportunity that presented itself was to write the op-ed as a letter to Sister Gormley, explaining to a person who obviously meant well why she would harm people, not help them. The letter, which bluntly stated why I thought her requirements were *immoral*, attracted a flood of attention. *The Wall Street Journal* interviewed Sister Gormley and me, and published a front-page

"Corporate America needs you and Dilbert,"
—Genevieve Segol, principal scientist of Bechtel Corp. in San Francisco

article. Our shareholders distributed copies of the letter to like-minded associates, and Cypress put it on the Internet. By early August, we had received more than 600 replies, 91 percent of them favorable, as shown in the chart below. The pro and con replies alike are intense and eloquent. I have selected quotes to describe the major themes that emerged.

The Response

The largest category of respondents, Cypress shareholders, favored 96 percent to 4 percent our decision to safeguard their investments (maximize profit) as a top priority. Some wrote to thank me for expanding shareholder value, while others emphasized that their interests as shareholders *must* be my primary focus.

"I have no idea what Cypress does, but I told my broker to buy 100 shares because of your action," and "This is where I want my money," were two of the comments I received. "I use the letter along with my annual report when I recommend your stock," noted the vice president of a major East Coast brokerage. Waxing philosophical, a small investor from New Mexico observed, "It seems the liberal-dominated media continue to push us further and further towards the society of Ayn Rand's *Atlas Shrugged*, and your position stands out as one of the few against the downward slide."

Chief executives from a broad range of large- and mid-sized companies supported by a 54-to-1 margin my refusal to compromise on running Cypress as a business. Several, including the head of a multibillion-dollar New York investment bank, sent me their own stories of run-ins with social engineers, while the head of a major technology company in Silicon Valley called to say that he had just received a letter from Sister Gormley herself. "It's way past time for people to do the correct thing, as you did, instead of the politically correct thing," said the chairman of a Texas construction machinery firm. The CEOs of a $200 million auto-parts retailer in Florida, a $200 million California bio-pharmaceutical company, and two multibillion-dollar semiconductor firms distributed copies of my letter to their staffs.

The Response

Category	Total	Pro	Con
Cypress shareholders on investment	197	189	8
Women on women's issues	67	43	24
CEOs	55	54	1
Small businesses	30	30	0
Catholics on religious issues	27	27	0
Nuns	6	0	6
Priests, ministers	2	2	0
Politicians	12	12	0
All others	209	196	13
TOTAL	**605**	**553**	**52**
		91%	9%

Twenty-eight male and two female small-business owners were unanimous in their desire to keep meddlers out of their companies. "As a former government employee, I have witnessed firsthand the demoralizing effect of institutionalized hiring of incompetent individuals in the name of racial or gender equality. ...Your comments are a brave volley in the war for sensibility," wrote the owner of a California transportation company. "You can't imagine" the business and personal penalties of veering from the politically correct line, added the principal of a public relations firm in Washington, D.C. "When the parents of one of my son's playmates found out that one of my clients was the National Rifle Association, the boy was prohibited by his parents from playing with my son."

A vice president of a South Carolina advertising firm put it best: "As a partner in a business whose majority owner is a woman, I am certainly aware of the need for opportunities for all people, but qualifying directors or employees by race and gender is not the answer."

Politicians and policy analysts wrote 12-to-0 to express support. "It strikes me that many in politics who seek to be recognized as purists on the issue of political correctness lose sight of the fundamental basis of American society, the free enterprise system," argued a congressman from Washington state. "I have heard over the last year and a half comments from many constituents and others across the country that our educational system is failing in part because it avoids the need to educate young people that capitalism, profits, hard work and achievement are not bad things."

Women writing on women's issues made up the only category with a significant number of negative responses (36 percent). The 43 women who wrote in support, however, observed that far from sexist, my arguments were inherently *gender neutral*. "As a woman starting my career in management, I expect to move up in the business world according to my hard work and abilities, not by positions granted to me through social or government mandates," said a business manager in Atlanta, underscoring the contradictions in Sister Gormley's position. "Perhaps religious organizations, especially Catholics, should concentrate on changing their own values concerning women and minority groups ...before they wrongly demand the same of others. Catholicism has been and continues to be the worst suppressor of women's rights in history, and certainly hasn't done much for the plight of homosexuals, either."

The responses from women included a smattering of humor: "Corporate America needs you and Dilbert," joked Genevieve Segol, principal scientist of Bechtel Corp. in San Francisco. "Have you considered sending your form letter to the Pope and the College of Cardinals—along with your application to become

a priest?" asked another writer, addressing Sister Gormley. "If you need a token female [on the Cypress board], I am willing to submit my name," quipped a Minnesota housewife. "As far as business experience, I have been a secretary and a Girl Scout leader for 12 years."

Another writer simply stated: "If I lived in Silicon Valley, I'd have my resume on your desk today, offering to work for peanuts, simply for the privilege of being associated with a company that has the courage to put into place and practice the responsible and well-balanced policies outlined in your letter."

Among the 24 women who wrote to dispute my position, some served up sound counterarguments: "Thirty years ago, many colleges formally did not admit women," wrote a second-year law student from Seton Hall. Another writer offered to submit resumes of potential board candidates, with any indication of gender removed, in hopes that I'd find a woman meeting our qualifications. (I accepted her offer.)

When good works cease to be voluntary and become compulsory, charity becomes confiscation and freedom becomes servitude. Charity is a byproduct of wealth, and wealth is best created in free capitalist markets, the workings of which comprise the fundamental and true moral principles by which we run our company.

But a minority of the opposition—about a half-dozen women—flat-out raged: "I decided not to waste my personalized stationery" on a "money-grubbing, narrow-minded elitist...desperately holding onto [his] white-male bastion of power." Sarah A.B. Teslik, executive director of the Council of Institutional Investors, wondered whether "CEOs who insist on board clones failed to play high-school sports or other security-enhancing activities." Perhaps most eloquent—and courageous—was an anonymous submission to the Cypress Web site, simply encouraging me to "pull [my] head out of [my] ass."

"You are afraid and insecure about the power, intelligence and strength that many women and minorities possess," wrote a Washington resident of indeterminate occupation. "There are a number of educationally and professionally qualified women and minorities who can excel as board members of Cypress and other male/Anglo-Saxon–dominated companies." (Unfortunately, the writer failed to identify any of them; nor did she recognize that in fact just two of the five Cypress board members are Anglo males.)

Perhaps most significantly, *each of the 27 lay Catholics who put pen to paper approved of my effort to seek business solutions to business problems.* Some argued that Sister Gormley's position and tactics were antithetical to the true purpose of the Catholic Church. "My 16 years of Catholic education made me wince when you recommended a moral dismount, but hard times call for hard words," wrote an assistant vice president of an East Coast consulting firm. "The Sister Gormleys" of the world are "neglecting God's work for dilettante socialism," wrote another respondent.

There was an interesting statistical split among Catholic religious professionals: All six nuns who wrote defended Sister Gormley, while the two priests sided with me. The nuns who voiced their objections were members of orders including the Sisters of Mercy of the Americas, the Adrian Dominican Sisters, the Sinsinawa Dominicans, and the Sisters of the Blessed Sacrament. Balancing the scale somewhat was an Indiana priest, who wrote: "It is a violation of the teachings of Jesus" for a religious group "to hurl broad accusations at anything in or out of the church that they deem an appropriate target. I have a Master's degree in Sacred Scripture and another in Spiritual Direction, and for the life of me, I cannot figure out where they are coming from. I have the suspicion that much of it is self-generated. Perhaps because most of these people take a vow of poverty, they really do not know how to live in the real world."

Milton Friedman sent me a note, along with a copy of a piece he wrote for *The New York Times* in 1970. It was titled, "The Social Responsibility of Business Is to Increase Its Profits." He made every point I'd made, but 26 years earlier. Friedman says in his lead paragraph, "The businessmen who believe that they are defending free enterprise when they declaim that business is not concerned 'merely' with profit, but also with promoting desirable 'social' ends...[are] preaching pure and unadulterated socialism. Businessmen who talk this way are the unwitting puppets of the intellectual forces that have been undermining the basis of a free society these past decades."

Fully half of the pro letters chimed in on the basic philosophical point of the *morality* of capitalism. Despite the tone of moral superiority of the world's Gormleys, morality is on our side. It is the socialists—those who would force companies to confiscate money from their shareholders, employees, and customers to spend it on some "higher good"—who are on the wrong side of this moral issue.

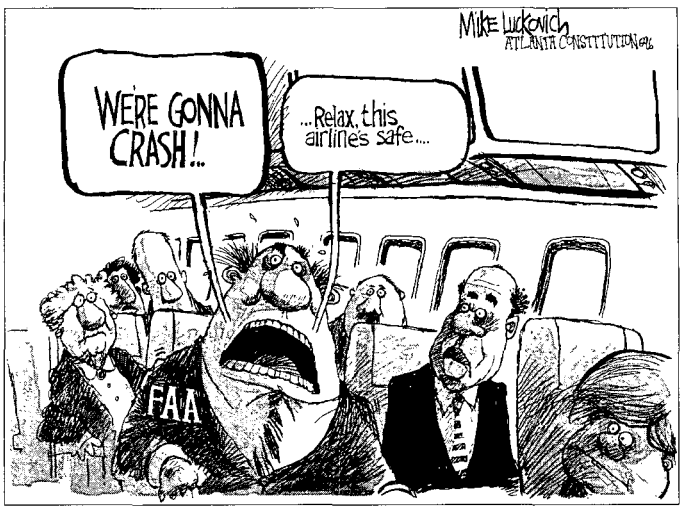
As I wrote to the president of an "ethical mutual fund" that holds our stock, after he wrote to complain about my letter to Sister Gormley: "When good works cease to be voluntary and become compulsory, charity becomes confiscation and freedom becomes servitude. Charity is a byproduct of wealth, and wealth is best created in free capitalist markets, the workings of which comprise the fundamental and true moral principles by which we run our company." ®

T. J. Rodgers (tjr@cypress.com) is president and chief executive officer of Cypress Semiconductor and author of No Excuses Management *(Doubleday).*

Safety on the Fly

By Robert W. Poole Jr.

Airline safety should be depoliticized.



THIS HAS BEEN A DISturbing year for airline passengers. Just before New Year's Day an American Airlines 757 approaching Cali, Colombia, smashed into a mountainside, killing everyone aboard. In May a ValuJet DC-9 plowed into the Florida Everglades, leaving no survivors. Then in July came the explosion of TWA Flight 800, with another 230 deaths. While there is no common causal factor linking these disasters, by the time of the TWA crash politicians were falling all over themselves to argue that the government needs to get tougher on air safety.

Longtime opponents of airline deregulation found the ValuJet crash a convenient opportunity to slam the low-fare airlines that pose the greatest competitive threat to the formerly cartelized major airlines and their high-cost, unionized workers. Another faction consisted of the good-government types who attack the Federal Aviation Administration for a built-in conflict of interest: a statutory duty to "encourage and foster" commercial aviation while regulating its safety.

President Clinton and Transportation Secretary Federico Peña, who last year were taking credit for the billions of dollars saved by air travelers each year thanks to low-fare airlines, did a quick 180-degree turn following the ValuJet crash, ordering the FAA to ground the airline. Despite horrendous crashes, including five accidents in five years for USAir, no major airline has ever been grounded, as ValuJet was on June 17.

Before jumping to conclusions about whether the FAA has been too tough or too lax, it's important to consider the relevant facts. First of all, there's a long history of FAA policy changes driven by fatal crashes. During the 1950s the FAA's predecessor agency, the Civil Aeronautics Authority, resisted implementing radar separation ("positive control" of airspace) until midair collisions in 1956, 1958, 1960, and 1965 got its attention. Virtually every major air safety advance, including ground proximity warning systems in cockpits, was preceded not by a careful weighing of evidence but by a series of crashes, followed by political demands that something be done. The National Transportation Safety Board investigates each accident and makes numerous recommendations, but most of them are not adopted by the FAA.

It's clear that the FAA has refrained from taking actions that might have prevented certain crashes. Advanced ground proximity warning systems that would have given the pilots at Cali three times as much warning are available at $40,000 per plane, but they have not been mandated. For years the FAA has seen in-flight fires caused by hazardous cargo, including oxygen generators like those suspected of causing the ValuJet crash, but has done nothing to improve fire warning and suppression systems or to authorize its inspectors to spot-check cargo for hazards.

On the other hand, when it came to making a (post-crash) decision about ValuJet, there *was* a case for singling out this airline. ValuJet has amassed the worst accident record in the industry: 4.2 accidents per 100,000 flights. That's three-and-a-half times the 1.2 per 100,000 rate for all low-fare startups. Worse, it's *14 times* the 0.3 accident per 100,000 flights for the major airlines. And in its intense scrutiny of ValuJet operations, the FAA found numerous safety lapses, such as inadequate supervision of maintenance contractors and 31 flights by a jet with an inoperative weather radar.

BUT EVEN THOSE STATISTICS DON'T NECESsarily mean ValuJet should have been closed down by the FAA. As consumers, do we want an air safety regulator that takes the economic health of the industry into account, as the FAA is mandated to do, or do we want a safety regulator more like the Food and Drug Administration or the Occupational Safety and Health Administration, one that focuses solely on preventing accidents? Despite the understandable desire for zero accidents, we would not actually want to pay the costs of an all-out effort to attain that goal. There are any number of changes in aircraft design, maintenance procedures, and flight operations that could theoretically increase safety, but at large cost. We need to remember that, even though commuter and low-fare startup airlines have higher accident rates than the major airlines, flying on them is still much less risky than driving. If the FAA forced every possible safety improvement onto air-

MIKE LUCKOVICH

lines, that would raise their costs (and hence airline fares) enough that many of the 47 million people who flew low-fare airlines last year would go back to driving—at higher risk of injury or death.

There are no easy solutions for better air safety. But depoliticizing safety policy making and enforcement would lead to more rational decisions. Congress *should* remove the FAA's statutory duty to "encourage and foster" commercial aviation, so it won't be reluctant to take costly but sensible safety steps before a spate of crashes. But the FAA should still be required to prove the reasonableness of its regulations in terms of their relative cost per potential life saved, taking into account the potential for more injuries and deaths due to travelers who switch from planes to cars because of higher fares.

A second step would be to remove the FAA's other conflict of interest: its operation of a major component of the aviation system, the air traffic control system. Divesting that system to an independent corporation would put air traffic control at arm's length from the FAA, just as airlines, airports, and aircraft manufacturers are. At least 16 other countries, including Australia, Britain, and Germany, have successfully spun off air traffic control.

Another modest reform would be to require the FAA to publish data on the safety records of individual airlines—both accident rates and violations of air safety regulations. Most of the travelers who currently choose low-fare (but slightly riskier) airlines would probably continue to do so, given the relatively small risk differences and large price differences. But the potential loss of even a small fraction of their customers due to the safety ratings would give those airlines an additional incentive to improve their performance.

These changes would help, but as long as airline safety remains in the hands of a bureaucracy, answerable to politicians, air safety will still be politicized. Its bureaucrats will still have incentives to cover their tails by means of paperwork, which a long history of critical reports from the General Accounting Office makes clear has been a chronic FAA problem. And politicians will still have incentives to overreact in one direction or the other, as we've seen with the ValuJet and TWA situations. Couldn't we design a system with better incentives for rational behavior?

IMAGINE FOR A MOMENT THAT THERE WERE no FAA. What would prevent some airlines from cutting corners and taking risks few of us would want to accept? To find an answer, consider who would have the most to lose in such a world. Clearly, it would be insurance companies, who would bear the brunt of the risk. Since no one would operate an airline without insurance, the insurance companies could face ruinous exposure for liability and replacement costs due to an increased number of crashes. Therefore, the insurance industry would have to engage in aggressive loss prevention activities, as insurers currently do in factory safety and fire protection. (There is no federal agency that regulates your local fire department; that is done by the nonprofit Insurance Services Office.)

It's unlikely that an insurance safety agency would push standards that imposed exorbitant costs on airlines for minuscule benefits. But since it would not be in anyone's interest to have planes falling out of the sky, we could expect reasonable, science-based tradeoffs between safety improvements and cost.

What would probably emerge is a nonprofit entity, funded by and answerable to the insurance industry, that would set air safety standards. And that would dramatically change air safety incentives. Consider the apparent cause of the ValuJet crash. One of its maintenance contractors improperly labeled hazardous oxygen generators and illegally loaded them aboard the doomed DC-9. It turns out that the nine different FAA regions have nine different hazardous materials policies—and none has the authority to open or inspect packages to see if they contain hazardous materials. An FAA memo described this problem well before the ValuJet crash, but no action was taken because nobody's money or job was on the line.

If an insurance safety organization identified such a problem, it would have a strong financial incentive to solve it, in order to prevent future losses. And the airlines would have a financial incentive to comply with the insurance entity's safety standards because doing so would lower their premiums. (Today, airlines typically fight proposed safety requirements because of their cost.) Some airlines might opt for a higher standard than others, seeking the best balance between insurance costs and safety expenditures. They might be rewarded with a published safety rating from the insurance entity, analogous to the Underwriters Laboratories symbol on electrical appliances.

On the other hand, it's unlikely that an insurance safety agency would push standards that imposed exorbitant costs on airlines for minuscule benefits; that would not serve the interest of the airlines, their passengers, or the insurers. But since it would not be in anyone's interest to have planes falling out of the sky, we could expect reasonable, science-based tradeoffs between safety improvements and cost.

An insurance-based system, which would depoliticize airline safety, should be the ultimate goal. Until we can generate support for that route, reforming the FAA by simplifying its role, requiring cost-benefit analysis, and making it publish safety data is probably the best we can do. R

Reason Foundation President Robert W. Poole Jr. (bobp@reason.org) is a former aerospace engineer.

Communitarian Capitalism

By Christopher Lingle

Just how "free" is Singapore's free market?

FREE MARKET ECONOMISTS SHOULD not need reminding that the market is but a means to ends beyond material gratification (personal liberty and intellectual freedom among them). But recent surveys of Singapore by the Heritage Foundation (*1996 Index of Economic Freedom*) and the Fraser Institute, in cooperation with other think tanks, (*Economic Freedom of the World, 1975–1995*) have praised the island nation's economic policies as ends in themselves. After crunching numbers meant to quantify government economic intervention, each ranked Singapore number two in the world.

Singapore's material success—it has generated a foreign exchange surplus of nearly $100 billion—has beguiled many. Indeed, observers of all stripes applaud Singapore and cite it as validating their favorite theories: Its industrial policies have been highly praised by left-wing academics, while others have described it as a triumph of communitarian democracy. The data, it seems, provide verification for disparate ideological positions.

My experience as a student of Asia, a foreign resident in Singapore, an employee of the regime's university, and finally as a defendant in a well-publicized trial there have led me to a different conclusion: The regime in Singapore has developed an insidious new form of authoritarianism.

Let's get my personal dispute with the regime out of the way first. In October 1994, while a senior fellow at the National University of Singapore, I wrote an essay for the *International Herald Tribune* reflecting on the so-called Asian model—a vague set of values that include, communitarian collectivism, esteem for authority, and consensus instead of competition—as the source of East Asia's success. In the piece, I noted such defects as the repression of individual and political rights. Without naming names, I wrote that some Asian regimes "ran over unarmed students with tanks," while others relied upon "a compliant judiciary to bankrupt opposition politicians."

I was soon being investigated and, the following January, was found guilty *in absentia* of making statements that scandalized Singapore's judicial system. To prove that my comments were directed at Singapore, the prosecution cited 11 cases where members of the ruling party had sued opposition politicians, many of whom were bankrupted. It thus demonstrated both its case and mine. Lee Kuan Yew, the strongman-ruler and former prime minister, sued me for libel. Unsurprisingly, he obtained a judgment against me (again *in absentia*) in the High Court. The judge set the damages based upon a separate out-of-court settlement reached by the plaintiff with the *International Herald Tribune*.

Singapore's apologists may choose to regard my criticism as personal ax grinding. But the fact is that Singapore's actions against me did not lead to my criticism; it was the other way around.

THERE ARE NUMEROUS REASONS TO QUESTION both the results and the methodology of the Heritage and Fraser studies. For example, their characterization of government intervention is based on Cold War–era thinking: Among the variables they measure is the presence or absence of black markets and other symptoms of socialism and its left-wing variants. But while socialism is by now neither viable nor credible, the struggle against authoritarianism is far from over. To propose Singapore as a model of economic development is to propound an emergent form of autocracy.

Lee Kuan Yew, former prime minister of Singapore: The Asian Tiger's authoritarian practices belie its free market reputation.

To see what Heritage's and Fraser's approach misses, consider just a few of the institutional interventions imposed on Singapore's domestic economy that limit economic freedom in very real ways.

The Monetary Authority of Singapore has consistently intervened in foreign exchange markets to control the exchange rate and to influence interest rates and inflation. Thus, one measure of intervention—inflation—is low due to another form of intervention. Furthermore, many of the largest players in the stock market are government-owned or -controlled enterprises.

The illusion of Singapore's free market economy is enhanced by the fact that multinationals there are mostly exempt from interference. But this observation ignores an important restriction that restrains the operation of international banks: the prohibition against the acceptance of deposits from locals.

Speaking of locals, most citizens live in publicly provided housing. Indeed, the government still owns the bulk of developed and undeveloped property. There is also a requirement for the annual renewal

REUTERS/JONATHAN DRAKE/ARCHIVE PHOTOS

of local business licenses—a subtle way to ensure that business owners toe the government line. Perhaps the most notable element of government control over the economy is in the mandatory pension scheme (Central Provident Fund or CPF), which places about 40 percent of total labor earnings into the hands of government managers.

Singapore has held trials to prosecute journalists for revealing economic data, and to intimidate other reporters. Similarly, civil servants and university administrators endeavor to mute honest inquiry. If there is so much to be praised and so much to be proud of, why does the government not allow independent corroboration of its statistics? If such numbers are carefully collected and honestly reported, there should be nothing to hide. There are serious questions about an understanding of economic freedom in the presence of such extensive controls over information. Investigative journalists and their supporting publications who attempt to push the margins too far have been sacked or closed down if local; censored, banned, fined, or sued if foreign.

ACTUALLY, THE REGIME'S SELF-SERVING propaganda and its control over information make it difficult to know what is really happening. Its apologists frequently boast, for example, that Singapore is free of crime or corruption. But while there may be fewer reports of personal assaults, a recent United Nations report revealed that the rate of violent crime in Singapore exceeds that of Australia and even Malaysia. Official statistics on crime, however, are jealously guarded.

Similarly, it is nearly impossible for researchers to confirm or deny claims for an "honest administration" and non-corrupt bureaucracy. True, compared to some of its neighbors, Singapore is not particularly corrupt; there are in fact strong checks against financial corruption. But there is an overriding moral corruption in the administration of "justice" by jurists who are only too eager to carry out the bidding of the ruling People's Action Party.

There is also a shameless distribution of government largesse to sycophants. Government officials make it clear that constituencies that do not give an adequate level of electoral support to the regime can expect cuts in public services.

Despite its Western, democratic vocabulary, the regime exercises obsessive control of all branches of government and the media, as well as other elements of civil society. In turn, there are few limits to the amount of force that can be wielded as reprisal against critics or political rivals. In fairness, Singapore's regime practices a form of "soft" authoritarianism that has not relied upon political murders or disappearances. Nonetheless, the control over the judiciary and the legislature means that law follows the whims of the regime.

Singapore's economy exhibits the classic symptoms of a property and stock market bubble; the bursting of that bubble is a question of when, not if.

SINGAPORE'S LEADERS DESERVE CREDIT for having implemented a set of "capital friendly" institutions. But that was yesterday. The next round of international competition will demand flexible economic, political, and social institutions, and a new breed of lateral-thinking entrepreneurs. Aside from the instinct to "buy low, sell high," the success of entrepreneurs depends upon a strong sense of individualism that induces them to challenge the status quo.

Yet these characteristics appear to conflict with the authority-esteeming and consensual "Asian values" promoted by the regime and its apologists. Singapore and other economies in the region will have to go beyond their "parasitic" stage of development to create products and markets on their own, shedding their heavy dependency on outside capital and often pirated ideas.

Despite claims that "Asian values" provide a culturally specific impetus for growth, there are indications that some traditional Asian institutions may eventually impose constraints on growth. For example, "saving face" and *guanxi* (institutionalized crony networking) result in zero-sum exchanges that could inhibit the efficient use of scarce economic resources.

In sum, Singapore's regime has implemented a system that governs by intimidation, that depends upon a form of crony capitalism, that relies upon the professionalized corruption of a highly trained technocracy, and that operates in the context of a "parasite" economy. In all this it has been successful in co-opting the emergent middle class, thereby distracting it from demanding political liberalization.

But blindness to the shortcomings of its development strategies has left PAP open to a potentially serious crisis. It may not be the forces of modernization that prompt political change in Singapore: A failure in the economic structures may come first. Singapore's economy exhibits the classic symptoms of a property and stock market bubble; the bursting of that speculative bubble is a question of when, not if. When the property and stock markets deflate, other domestic institutions will be forced to contract. One of the most exposed institutions is the mandatory pension accounts controlled by the government, which could be used by the regime to cover shortfalls or to serve its own purposes.

Singapore may have one of the world's highest rates of consumption of Mercedes-Benzes or French cognac, but its regime's legitimacy can be expected to disappear with the first whiff of stagnation. Eventually, citizens will realize that economic power granted by a government can be withdrawn at its whim. ℞

Christopher Lingle (CLingle@msn.com) is a visiting scholar in the department of economics at Emory University. His book, Singapore's Authoritarian Capitalism, *is available from the Locke Institute in Fairfax, Virginia.*

Ratings Race

By Nick Gillespie

TV-viewing patterns go beyond black and white.

A RECENT STUDY DOCUMENTS that while all television shows are broadcast in living color, most viewers choose to watch shows that might as well be filmed in black and white. *Report on Black Television Viewing*, published annually by BBDO advertising agency, finds that only three shows—*ER*, *Monday Night Football*, and NBC's *Monday Night Movie*—appear in the top 20 for both black and total households.

The disparity, based on ratings data from fall 1995, seems pretty substantial. For instance, the study notes that the number-one show among black viewers—Fox's *New York Undercover*—ranked 122 among white viewers. The top show among whites—the medical drama *ER*, which like *New York Undercover* features a mixed-race cast—ranked 20th among blacks.

Should we interpret such news as yet another indication that America's common culture has become increasingly balkanized? That seems to be the media consensus. *Time*, for instance, called its story on the study "TV's Black Flight."

"All told," notes *Time*, there are "six minority-themed shows on the Big Four networks. Three years ago, there were 12. Today the networks are scheduling either all-white shows (the sitcoms *Friends*, *Seinfeld*, *Ellen*, and *Mad About You* are set in urban centers, but the only thing black on them is the coffee) or, increasingly, shows with multiethnic ensemble casts, like the NBC dramas *ER* and *Homicide* or Fox's new sitcom *Lush Life*...and ABC's new *Clueless*. A significant number of minorities still appear on TV, but they are only intermittently at the center of the action."

The cast of UPN's *Moesha*: The "mini-networks" have provided a refuge for shows CBS, NBC, and ABC wouldn't air.

SUCH CONCERNS, HOWEVER, ARE MISplaced and misleading—and work to obscure the fact that television has become ever more responsive to consumer demand.

On a very basic level, it shouldn't be surprising at all that different demographic groups choose to watch different TV shows. As Cheryl Holmes, vice president of advertising and research at Black Entertainment Television—a cable network aimed at an African-American audience—told the Knight-Ridder News Service, "Of course viewers...relate to characters with similar backgrounds."

This is not, by any means, limited to racial or ethnic groups (nor is it absolute—*Cosby*, for instance, was a "black" show that nonetheless topped the overall ratings for five seasons). Hence, among the top 10 shows for children (of all races) aged 2 to 11, only two—*Friends* and *Home Improvement*—regularly appear in the overall top 10. Filling out the rest of the kids' list are, not surprisingly, shows that feature young casts and focus on plots about growing up. (Interestingly, the BBDO study notes that among youths aged 12–17, 11 out of 20 programs appear on both black and total household ratings lists.)

And the focus on "black" shows slights one of the more interesting and ostensibly progressive trends in TV over the past 15 years or so: an embrace of what *Time* refers to in passing as "multiethnic ensemble casts."

Shows such as *The A-Team*, *Miami Vice*, *L.A. Law*, *Star Trek: The Next Generation*, *Homicide*, *NYPD Blue*, and *ER* have all featured ethnically diverse characters to so great a degree that such casts no longer even call attention to themselves. The trend, which extends to sitcoms such as *Barney Miller*, *The John Larroquette Show*, and *Dave's World*, has given black actors in particular the opportunities to play multidimensional characters who are identifiably ethnic but not simply defined by their race. Current box-office star Denzel Washington, for instance, first came to prominence on *St. Elsewhere*.

Perhaps more important, fears of what one observer has called a new "form of social segregation" miss the larger point that the TV industry has actually acknowledged and acted on the demand for minority-oriented programming—that's why there's more of it. There will be a total of 17 "minority-themed" shows on network TV this fall, up from 14 during the past TV season (the number is higher still when cable, which serves about 65 percent of all households, is added).

Time concedes as much, but laments that "shows with predominantly minority

©1995 UNITED PARAMOUNT NETWORK

casts have landed in the low-rent neighborhoods" of the WB and UPN networks, which didn't even exist a few years ago. While the two "mini-networks" and Fox, which aired a majority of the top 10 shows viewed by blacks in fall '95, perhaps lack the cachet of ratings champ NBC, the larger truth remains that viewers—minority and otherwise—will have more access to a wider variety of TV fare.

AND IT IS PRECISELY BECAUSE SOME NETworks are smaller than others that they can target more-specific audiences such as blacks, or children (think of cable's Nickelodeon), or women (Lifetime), sports buffs (ESPN), music aficionados (MTV, VH-1, and TNN), or older people (TV legend Norman Lear has recently bandied about the idea of a cable network geared to folks over 50).

So while Fox's *Living Single*, the number two show among black viewers but one of the least watched programs among whites, does not draw a big enough audience for an ABC, NBC, or CBS, it can be fairly secure in its time slot opposite the number three (for all viewers) show *Friends*. Indeed, far from being a ghetto for black shows, the smaller networks have been a refuge for shows that otherwise wouldn't be on the air. CBS, for instance, developed but then passed on *Moesha*, a kid-oriented show with a black girl lead; UPN picked it up and it became the fledgling network's first hit. Similarly, when *Sister, Sister*, a sitcom that revolves around black identical twins, got sunk by ABC, the show resurfaced on the WB network.

There is a further irony underlying such niche-marketing success. Traditionally, critics of mass culture fretted that media such as television were incapable of serving the various interests of their disparate audiences. Now that alternatives exist along any number of demographic lines, critics worry about the demise of a common—if less representative and more harshly delimited—culture. ®

Nick Gillespie (NGilles123@aol.com) is a senior editor of REASON.

LEARN TO SPEAK A FOREIGN LANGUAGE FLUENTLY IN 30 DAYS? GOOD LUCK!

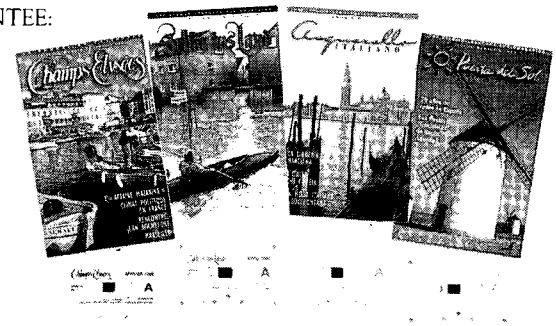
If you've been studying a foreign language for several years, you know fluency doesn't come quickly. It generally takes years to master a language—and an ongoing effort to maintain proficiency. Whether you try to learn a language on your own or in a class, with language cassettes, computer software, or textbooks, sooner or later every course ends... and then what do you do?

Now you can work to improve your language skills with *Champs-Elysées*, *Schau ins Land*, *Puerta del Sol*, and *Acquerello italiano*, internationally acclaimed audiomagazines for intermediate students of French, German, Spanish, and Italian. Each consists of a monthly, hour-long program on audiocassette accompanied by a printed transcript with glossary. Optional study supplements also are available. These modular components may be used separately or together, depending on your proficiency in the language.

Because they're periodicals, they give you a means of honing your language skills, month in and month out, for as long as you like. No conventional "course" does that. And the unique radio-magazine format is as entertaining as it is instructive.

Produced in Europe by professional broadcasters and journalists, each edition brings you news reports, interviews with fascinating and influential people, and features on a wide range of topics, including current affairs, business, the arts, cuisine, and travel—a monthly update on French, German, Hispanic, or Italian culture. By listening regularly to a language as it's spoken by a variety of native speakers, you build your vocabulary and improve your listening comprehension, almost as though you were living abroad. You'll be amazed at what regular listening will do for your language skills.

MONEY-BACK GUARANTEE: While we can't promise you fluency in 30 days, we will give you your money back if you're not delighted with your first month's edition. Find out for yourself what thousands of business people, educators, diplomats, and professionals on six continents are raving about.
Subscribe today!



Send check or money order to Champs-Elysées, Inc.
Dept. RN11, P.O. Box 158067, Nashville, TN 37215-8067

PLEASE RUSH ME MY FIRST EDITION OF:

Champs-Elysées:	☐ 5 monthly editions (US$79)	☐ Study supplement (US$20)
	☐ 11 monthly editions (US$129)	☐ Study supplement (US$44)
Schau ins Land:	☐ 5 monthly editions (US$79)	☐ Study supplement (US$20)
	☐ 11 monthly editions (US$129)	☐ Study supplement (US$44)
Puerta del Sol:	☐ 6 bimonthly editions (US$89)	☐ Study supplement (US$30)
Acquerello italiano:	☐ 6 bimonthly editions (US$89)	☐ Study supplement (US$30)

Tennessee residents add 8.25% sales tax. In Canada and Mexico, add US$4 postage; Outside North America, US$10 for 5 or 6 editions, US$ for 11 editions. All foreign checks must be in U.S. dollars and drawn on a U.S. bank.

Name _____

Address _____

City/State/Zip _____

Credit card orders may be faxed to (615) 297-3138 • Outside the U.S. and Canada call (615) 383-8534.

FOR FASTER SERVICE, ORDER BY CREDIT CARD 1-800-824-0829

Natural Lite

By Rick Henderson

Fearing environmentalists, Newt Gingrich is pushing both bad policy and bad politics.

EPA REGULATORS
PROPERTY OWNER
©1995SCRIPPS HOWARD • E-MAIL: hpayne@shns.com
UNITED FEATURE SYND.
"GOOD NEWS, FRIEND! WE'VE BEEN DECLARED A PROTECTED SPECIES BY THE REPUBLICAN CONGRESS!"

THE CONGRESSIONAL REPUBLICANS' environmental reform agenda has vanished. In 1995, bills that would have set a moratorium on new federal regulations, compensated property owners when endangered-species or wetlands proceedings reduced the value of their land, and required new regulations to undergo cost-benefit analyses passed the House by near veto-proof margins. It now looks, however, as if the major environmental "accomplishment" of the 104th Congress will be a slightly modified reauthorization of the Safe Drinking Water Act.

Republican property rights advocates blame Bill Clinton for slowing environmental reforms, citing such opposition as the president's promise to veto any bills that would compensate landowners when endangered species are discovered on their property. But the political initiative for new environmental rules has actually been shelved at the insistence of the GOP's chief "revolutionary"—House Speaker Newt Gingrich. Convinced that the public believes Republicans are too extreme, Gingrich has appointed a 70-member House Republican Task Force on the Environment that must approve the language of any environmental bills that go to the House floor. As co-chairman of the task force the speaker named New York Rep. Sherwood Boehlert, the only Republican to vote against all three regulatory/environmental reform items in the Contract with America.

The 13-member "steering committee," which does most of the task force's heavy lifting, includes a strange brew of solid property rights advocates—Reps. Mike Crapo (Idaho), Barbara Cubin (Wyo.), Billy Tauzin (La.), and co-chair Richard Pombo (Calif.)—along with Boehlert and some of the greenest Republicans—Porter Goss (Fla.), Jim Saxton (N.J.), and Vernon Ehlers (Mich.). Indeed, the speaker made room for plenty of Republicans who are openly hostile to the party's reform agenda—14 of the 23 Republican House members who voted against last year's takings-compensation bill found their way on the task force.

Any environmental bill that emerges from the task force must be a "consensus document," letting green members veto any contentious provisions. Deputy Majority Whip Tauzin says, "The task force has enlightened [Republicans] on our problems more than anything else. At least the folks in our [Republican] conference are [no longer] working with the other side to defeat us." But bills that glided through House committees last year can't get through the task force.

THE SPEAKER FORMED THE TASK FORCE soon after a group of moderate Republicans, led by Boehlert, refused to support a regulatory-reform bill in March. Senate Democrats were able to successfully filibuster a bill the House had passed by a 286–141 margin last year, so House Republicans drafted a different version. The 1996 bill included a new sunset provision that would require Congress to reauthorize all "major" regulations (those which have an impact of more than $100 million) every five to nine years. Boehlert said, "This bill is like throwing out a whole bushel of apples just because one goes bad," and claimed that he could peel off enough Republicans to defeat the bill. Gingrich then removed it from consideration and created his task force.

Gingrich has said the task force "is working to develop a new approach and a new synthesis on the environment." But grassroots property rights supporters and the policy advocates who give them intellectual ammunition say the speaker wants to derail substantive reforms. Before the task force was formed, the House Resources Committee had passed an overhaul of the Endangered Species Act authored by Pombo and committee Chairman Don Young of Alaska. The Young-Pombo bill would require the federal government to compensate property owners

HENRY PAYNE

if the discovery of an endangered species on private land caused the property's value to go down. In a May interview with the environmental news service Greenwire, Gingrich said he wouldn't let the Young-Pombo bill go to the House floor for a vote. He did, however, speak favorably of alternative proposals suggested by Saxton, which would strengthen the government's regulatory control over private property.

Property rights and other market-based environmentalists believe Gingrich doesn't understand them or their concerns. Peggy Riegle, chairman of the Fairness to Land Owners Committee, a group that represents more than 10,000 "mom and pop" property owners, says her members are so frustrated that they "need Newt out of the speakership—even if it means losing his seat" to a Democrat this fall.

The speaker's actions justify some of these worries. Gingrich continues to support the National Biological Survey, an attempt to catalog and count every species in the United States. Taking an inventory of the nation's flora and fauna would certainly have scientific value. But property rights advocates are justifiably leery of enhancing the ability of government regulators to locate threatened species on private land. "If I have a rare metal on my property, its value goes up," U.S. Fish and Wildlife Service official Sam Hamilton has said. "But if a rare bird occupies the land, its value disappears." Concerns from landowners groups prevented the NBS bill from coming to a vote in the 103rd Congress.

Gingrich also champions the creation of a National Institute on the Environment, a new "independent" federal agency to finance green research. And the apocalyptic (albeit distinguished) Harvard biologist E.O. Wilson has been cited as his chief outside environmental adviser. Gingrich has entertained Wilson, the Environmental Defense Fund's Michael Bean, and biologist Thomas Lovejoy—Interior Secretary Bruce Babbitt's choice to head the National Biological Survey—as occasional dinner guests.

By contrast, property rights advocates have a hard time getting the speaker's ear. During the "Fly In for Freedom," a June convention for farmers, ranchers, and property rights advocates in Washington, a number of local activists and policy analysts tried to get an appointment with the speaker. Gingrich did address the convention but refused to meet with anyone privately. Nor would his senior political and policy staff members meet with organizers, who were shunted to his environmental staffer. Gingrich has also refused to privately discuss environmental issues with Dean Kleckner, president of the influential American Farm Bureau Federation.

EVEN THOUGH THE SPEAKER CONTINUALLY rhapsodizes about decentralism and "Third Wave" forms of flexible governance, his environmental vision is little more than top-down technocracy. Gingrich constantly invokes the memory of Theodore Roosevelt, whose Progressive-era conservation ethic entailed little more than buying huge chunks of private land with tax dollars and placing them under bureaucratic management.

Western ecosystems have not prospered as a consequence of federal control. The feds "built the most inefficient and costly fire-fighting force on the face of the earth—that of the Forest Service," notes environmental writer Karl Hess Jr. "Dams destroyed the legendary salmon runs of the past and turned the mighty Columbia, Colorado, Missouri, and Rio Grande rivers into shining examples of federal regulation and control." (See "Storm Over the Rockies," June 1995.)

The contradictions between Newt's bottom-up and top-down inclinations become apparent any time he talks at length on environmental issues. In an April speech before the National Environmental Policy Institute, he said, "We need to look at incentives for saving species and incentives for biodiversity...as opposed to a command and control model of punishing people, fining people, regulating people, and threatening people with jail, which I think, in a free society...in the long run [is] not as effective a way to change behavior as incentives." Yet three paragraphs later, he declared, "We [the federal government] have every right to say to a community, 'Yes, you are going to save the species.'"

Nor does the speaker truly advocate decentralized decision making. Again in the NEPI speech he said, "It is totally appropriate for the federal government to say, 'Here is the standard we want you to attain.' It is destructive for the federal government to then dictate an outmoded, bureaucratic model of attaining that standard." True decentralism would, however, allow individuals and neighborhoods to decide how much environmental protection they are willing to pay for and set appropriate standards. Rural Montana doesn't have the same air-quality problems as downtown Baltimore. Why should federal regulators require residents of both places to meet the same standards? (See "Evolutionary Ecology," May.)

Gingrich believes his environmental vision is a political winner, and cites survey results from GOP pollster Linda DiVall to back it up. DiVall found that 55 percent of the Republicans she queried did not trust their party to take care of the environment, compared with 72 percent of Democrats who were comfortable with their party's environmental positions.

Property rights advocates have several responses. First, argues Myron Ebell, national policy director for the Frontiers of Freedom Institute, Gingrich is making a political blunder by publicly paying so much attention to green concerns. Few voters cast their ballots based solely on a candidate's environmental stands. Taxes, crime, the deficit, education, and gun control consistently outscore the environment on lists of voter priorities. "If the public thinks your party is on the wrong side of an issue," asks Ebell, "but the issue is 23rd on their agenda, what don't you do? Elevate the issue."

And there are geographic factors to consider. Land-use issues resonate much more with Western voters than with those in the East. A number of Western House freshmen won by razor-thin margins in 1994. For them, the support of property

rights advocates may have secured their victories. In the East, by contrast, moderate Republicans have fairly safe seats. They're winning on a host of issues, not just because of their green votes.

And DiVall numbers oversimplify the situation. A July survey sponsored by The Polling Company for the Competitive Enterprise Institute asked voters their preferences for regulating endangered species on private property. Only 11 percent preferred the current practice of restricting land use without compensation. One-third supported some mixture of regulation and compensation. But 49 percent would "do away with government regulation entirely and instead have the government offer incentives to keep endangered species on their property."

As Democratic pollster Celinda Lake told the June 1 *National Journal*, "If one ever lets the Republicans convince voters that either the Democrats or the environmental groups are anti–private property, then I think it could be a very dangerous issue."

MANY POLICY ANALYSTS COMPARE today's perceptions about market-based environmentalism to the welfare debate a decade ago. Back then conservatives and libertarians opposed welfare because it is wasteful or because they believe coercively redistributing income is wrong. Those arguments fell mostly on deaf ears. But anecdotal evidence and solid academic research have shown that welfare hurts people on public assistance —leading to dependency, high rates of illegitimacy, and an entrenched underclass. It's now possible to advocate ending welfare and still be perceived as a friend of the poor.

Lynn Scarlett, the Reason Foundation's vice president for research, has been working with conservationists, free market analysts, and advocates of traditional regulation to develop and promote a new approach to environmentalism—one that appreciates the different values individuals place on environmental protection and that emphasizes true decentralism and market incentives. Scarlett says that Boehlert and the pro-regulatory crowd, much like the welfare-state advocates of 10 years ago, are wedded to existing federal regulations. Boehlert and other GOP enviros, she says, "equate passing a law, say, the Clean Water Act, with protecting the environment. [To them], any attempt to dismantle current regulations dismantles environmental protection."

Advocates of market-based environmentalism must demonstrate that protecting private property, encouraging stewardship, and using incentives and flexible alternatives to regulation actually improve environmental quality. "We must sever the link between the edifice of the regulatory state and the goal of environmental protection," says Scarlett.

Even though Gingrich continually rhapsodizes about "Third Wave" forms of flexible governance, his environmental vision is little more than top-down technocracy.

OF COURSE, GINGRICH'S IMMEDIATE CONcern is building on the slender 35-seat majority the Republicans hold in Congress. But would a "natural lite" agenda accomplish that? Several prominent House property rights advocates—Helen Chenoweth (Idaho), J. D. Hayworth (Ariz.), Frank Riggs (Calif.), and Doc Hastings (Wash.)—are in closer-than-expected re-election campaigns. The absence of endangered-species and other environmental reforms doesn't please the folks back home. "These folks don't have anything to take home to their constituents," laments Chuck Cushman, executive director of the American Land Rights Association. "Newt acts like he's running for minority leader." It is possible that any Republican gains in the South will be matched by losses in the West—and that suburban Southern freshmen will be less persistent about environmental reforms than their rural Western predecessors.

And if Gingrich hoped the task force would generate a stream of consensus reforms, he's got to be disappointed. Congress did streamline regulations by passing a new Safe Drinking Water Act, revising rules on fishing for "dolphin-safe" tuna, and overhauling the Delaney Clause, which governs the levels of cancer-causing substances allowed in food.

But reauthorization of the massive Superfund program won't happen this year. Nor will a new Endangered Species Act or the property rights and regulatory reforms promised in the Contract with America. And because greens on the task force can veto any major changes in policy, Riegle says she would be happy if nothing further comes to the floor this year. "Anything that would pass [the task force] would be so watered down it would do no good," she says.

Without saying so openly, the task force members most sympathetic to market-oriented reforms suggest that only outside pressure will get the reform agenda back on track. Pombo staffer Mike Hartiman says his boss will push for takings compensation next year. Tauzin, who championed takings bills as a Democrat before switching parties last year, says, "Those people who believe that individuals should be compensated [for takings of private property] should make that a central issue in this campaign. If their candidates [for Congress] won't support these issues, then find ones who will."

The task force may stifle any substantive environmental reforms this Congress. But will it continue to command the legislative agenda next year? "Absolutely," says Boehlert Press Secretary Siobhan Dugan. "It's the speaker's call," says Hartiman of Pombo's staff. If Republicans retain control of Congress, how Gingrich answers that question will determine whether the speaker really is a revolutionary or if instead he prefers to carry water for the environmental establishment. ®

Rick Henderson (DCReason@aol.com) is Washington editor of REASON.

Naturalistic Fallacy

By Michael Ruse

Reason in the Balance: The Case Against Naturalism in Science, Law and Education, by Phillip Johnson, Downers Grove, Ill.: InterVarsity Press, 245 pages, $19.99

Phillip Johnson: The Berkeley law professor argues that scientific naturalism inevitably leads to moral anarchy.

CHARLES DARWIN PUBLISHED HIS great work, *On the Origin of Species*, in 1859. In it he argued that all organisms, including us humans, are the product of a slow, gradual, non-miraculous (that is, law-governed) process of "evolution" from just a few, perhaps even one, simple forms. He was not the first evolutionist—his grandfather Erasmus Darwin was pushing the idea in the 18th century—but it was he who made the concept plausible. So plausible, in fact, that if we judge from reviews and comments and other such things (like the exam questions for undergraduates at leading universities), within a very few years educated people in Europe and North America—not just professional scientists—became evolutionists.

Much more controversial was the mechanism of change proposed by Darwin. He argued that, thanks to life's struggles, there is a constant process of "natural selection," with the winners (the "fit") alone surviving and reproducing. Over time, this winnowing process leads to full-blown change, change moreover of an adaptive nature. The eye, the hand, the heart, and—as Darwin made very clear in a later work, *The Descent of Man*—the brain and mind, all serve the end or interests of their possessors. Organisms are not just thrown together, but are as if designed by a conscious being.

Only in this century has selection come into its own and been seen to play the key role supposed by Darwin. Of course, I would not pretend that everyone in the scientific community is a hardline Darwinian. Notoriously, America's most famous evolutionist, Stephen Jay Gould, has expressed reservations about the ubiquity of adaptation and has promoted a less gradual and more jerky version of Darwinism —the theory of "punctuated equilibria."

Yet even people like Gould are more concerned to supplement Darwinism than to replace it. Like the best scientific hypotheses, it does not rest on past successes but points the way to new triumphs—most successfully, in recent years, showing how social behavior can be given a Darwinian explanation. "Sociobiology" is controversial, but it is the controversy of success. Bright graduate students are prepared to invest their careers in it, and that tells you everything.

Indeed, even most religious types have made peace with evolution—so long as one is allowed miracles for the creation of souls (hardly a scientific concept anyway). The great exception has always been American biblical literalists or "fundamentalists," who argue that one must not deviate from one word of the Bible taken absolutely at face value, and that therefore evolution is the work of the devil. Inspired by the writings of the turn-of-the-century Seventh Day Adventist James McCready Price, a veritable industry of "Flood geology" has been spawned, trying desperately to show that such venerable myths as the six days of creation are scientific fact—and hence not only should be taken seriously but should be allowed in the nation's biology classes.

To be candid, this stuff has always been a bit down-market. For instance, Duane Gish, author of *Evolution: The Fossils Say No!*, may indeed have a Ph.D. in biochemistry, but there is a touch of Elmer Gantry about his style and rhetoric. In the 1980s, the creationists lost key court cases—most famously in Arkansas in 1981, where a federal judge ruled firmly that a law mandating "balanced treatment" between evolution and creationism was a blatant attempt to get religion into the science classrooms, and thus unconstitutional.

UNDAUNTED, THE LITERALISTS SWITCHED strategies, trying to introduce the Bible by stealth—pressuring school boards and teachers, putting weight on textbook manufacturers, and the like. They have looked hard for academic heavyweights who, through shared religious sympathy, might be inclined to give support. This drive for respectability has been somewhat successful, netting such spokesmen for the creationist cause as Alvin Plantinga, professor at Notre Dame (though a Calvinist) and arguably America's best living philosopher of religion.

Another is Phillip Johnson, law professor, former clerk to Earl Warren, and holder of a named chair at Berkeley. Johnson is the author of the smoothest-ever presentation of the anti-evolutionary case, *Darwin on Trial* (1991). Not entirely original, Johnson's case invokes all of the old favorites of the creationist cause—the "incompatibility" of the fossil record with evolution (all of those notorious "gaps"); the impossibility of life's arising from the non-living by purely natural causes; and

the irrationality of supposing that a simple mechanism like natural selection could create order out of randomness.

NOW JOHNSON PRESENTS *REASON IN THE BALANCE: THE CASE AGAINST NATURALISM IN SCIENCE, LAW AND EDUCATION*. Here, laid out in full detail, are the reasons why a respectable and intelligent man like Johnson would freely and gladly make himself a pariah, even in conservative academic circles, and God only knows what on the Berkeley campus. It is not a little bit of evolution that worries Johnson and his ilk. A new adaptation here, a lost adaptation there—who cares? Rather, it is the very moral fiber of the nation that counts. Let in evolution, and pornography, abortion, and sodomy are next. Or rather, *because* we let in evolution, pornography, abortion, and sodomy are now.

Johnson starts with an introduction to the enemy: "The most influential intellectuals in America and around the world are mostly naturalists, who assume that God exists only as an idea in the minds of religious believers. In our greatest universities, naturalism—the doctrine that nature is 'all there is'—is the virtually unquestioned assumption that underlies not only natural science but intellectual work of all kinds. If naturalism is true, then humankind created God—not the other way around. In that case, rationality requires that we recognize the Creator as the imaginary being he always has been, and that we rely only on things that are real, such as ourselves and the material world of nature."

I must confess that on reading this, my jaw did sag somewhat. I have myself recently published a book with the title *Evolutionary Naturalism*. I had no idea that that which Johnson describes was the topic on which I was supposed to be writing! I am fascinated (and troubled) by the God question, but that I was denying God's existence was news to me. Naively, I thought that naturalism was about a particular attitude that one takes to understanding, refusing to appeal to the supernatural (miracles) in the physical world, but saying nothing definitive about whether there is a world beyond this. Perhaps God exists. Perhaps not. But, wonderful book though *Evolutionary Naturalism* may be, on these issues it says nothing.

Now, to be fair to Johnson, he is aware of a response like mine, and in an appendix does try to deal with it. But in a way it would be a mistake to get bogged down in Jesuitically fine distinctions of terms. Johnson's main argument is what counts and, as in his earlier book, evolution and its mechanism are the problem here, whatever the philosophical category into which you might dump them. Let in these ideas, he says, and anything goes.

The general argument runs somewhat like this: If evolution be true, then science as a whole has scored a success and should be taken seriously (perhaps more seriously than anything else). Furthermore, if science should be taken seriously, then its naturalistic methods should be endorsed. "If the scientists," writes Johnson, "have actually confirmed many of the most important elements of the story [of evolution], so that only a few gaps remain to be filled, then there are solid grounds (short of absolute proof) for believing that the story itself is fundamentally correct."

Move on down the syllogism. If we endorse scientific naturalism, then we exclude God, certainly the God of the Christian. Even if one allows a god outside the natural world, this is little comfort, for a "Creator who merely sets a process in motion and thereafter keeps hands off is easily ignored." But, if we exclude or deny the Christian God, then we have no reason to endorse Christian morality. And, if we do not endorse Christian morality, then the only alternative is moral anarchy: "Naturalistic metaphysics leads inexorably to relativism in ethics and politics."

Curiously, in my book on naturalism, the very thing I was trying to do was to get away from relativism. I abhor the sociological, "If it feels good, then it's OK!" Indeed, the very crux of the evolutionary approach to ethics is that nature sets certain universals and you break these at your peril. It is precisely for this reason that so many in the social sciences loathe any biological approach to morality.

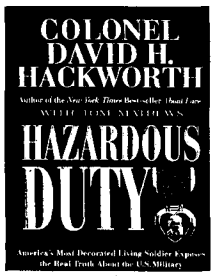
But I get ahead of myself. Let me say two things on Johnson's behalf:

First, I am surely not alone in agreeing with Johnson that, in today's society, especially on university campuses, much that is of true moral value is brushed aside in a senseless rush to the politically correct. On my own campus, for instance, we have so many rules and regulations about minorities, real and apparent, that the results of important departmental elections are decided before the first ballot is cast. And more than one aged prof—thinking one might speak to one's students as one might speak to a grown-up—has been sent off for a week's "sensitivity training," under threat of really dire alternatives. Mistakenly, I thought that winning the Cold War was supposed to lift these sorts of things from the Russians, rather than impose them on North Americans.

Second, I am right with Johnson against those who would complain that his syllogism must be worthless, since a science like evolution is only about matters of empirical fact and hence can have nothing to say about God and morality. The truth is that far too many evolutionists today treat their subject like a secular religion, drawing out all sorts of consequences way beyond the empirical. Who has not heard Richard Dawkins, Oxford-based author of *The Selfish Gene*, for example, telling us that, thanks to Darwin, the "Argument from Design" is stone-cold dead and that now the only intellectually respectable position is that of the atheist?

WHERE JOHNSON MAKES ME CROSS IS IN his refusal to take seriously, even if only for the purpose of refutation, the arguments of those such as Ernan McMullin—a Catholic priest as well as a professional philosopher of science—who strive to show how science can be stripped of the ideologies that supporters and critics would read into it, and that science as such can be regarded as ethically and religiously neutral, no more supportive of free love than it is of the traditional, two-parent, 2.5-child nuclear family.

Where Johnson makes me even more

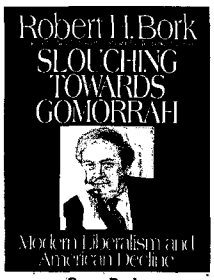


William Morrow

America's most decorated living soldier pulls no punches in calling political and military leaders to account for selling out duty, honor and country.

Publisher Price: $27.00

Borders Price: $24.30

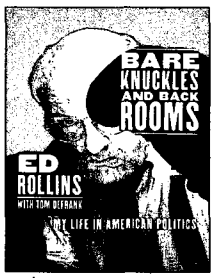


ReganBooks

One of America's most prominent conservative thinkers delivers a provocative and timely analysis of our culture in decline.

Publisher Price: $25.00

Borders Price: $22.50

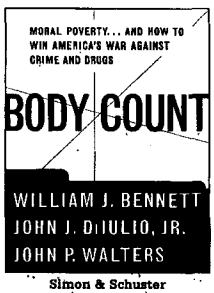


Broadway Books

Political consultant Ed Rollins tells of his many triumphs and sometimes spectacular blunders during a 30-year career in American politics.

Publisher Price: $27.50

Borders Price: $24.75

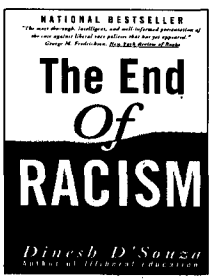


Simon & Schuster

This scathing indictment of America's criminal justice system documents government's failure to protect its citizens from violent crime.

Publisher Price: $24.00

Borders Price: $21.60



Free Press

In this daring exploration of the history, nature and ultimate meaning of racism, D'Souza breaks the accepted boundaries of discourse in America.

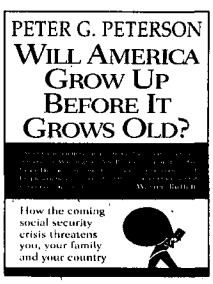
Borders Price: $16.00

How can a good book change your perspective?

FIND OUT.

BORDERS
BOOKS·MUSIC·CAFE

30% off New York Times hardcover bestsellers • 10% off most other hardcover books every day

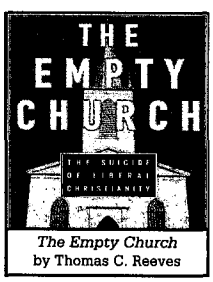


Random House

Peterson has devised a plan for a realistic resolution to the baby boomers' greatest challenge: retirement in the midst of a Social Security crisis.

Publisher Price: $20.00

Borders Price: $18.00

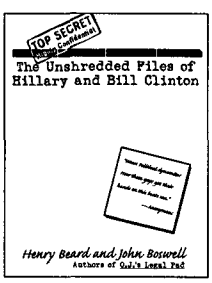


Free Press

Reeves advances his theory of how mainline Protestant churches have been co-opted by liberal secular forces whose agenda is far from spiritual.

Publisher Price: $25.00

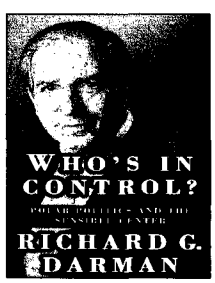
Borders Price: $22.50



Broadway Books

The team that uncovered the best-selling OJ's Legal Pad has now got its hands on the most devastating (and devastatingly funny) document of Campaign '96.

Borders Price: $8.99

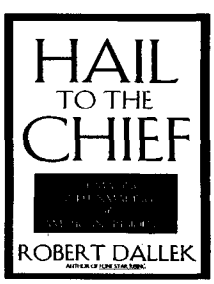


Simon & Schuster

Darman explains how the pragmatic center in American politics came to be 'missing in action' in the momentous battle to define the role of the federal government.

Publisher Price: $25.00

Borders Price: $22.50



Hyperion

An award-winning author, biographer and historian looks to the past to find out why some presidents have succeeded and others failed.

Publisher Price: $23.95

Borders Price: $21.56

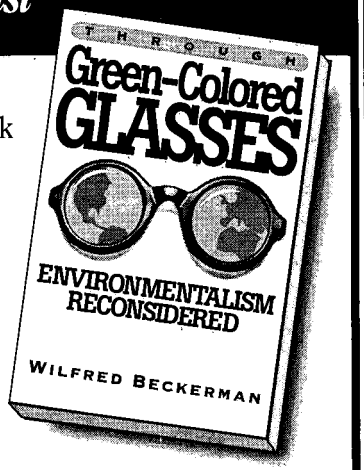
Visit us at over 130 locations throughout the U.S.
For the location nearest you, call 1-800-644-7733. Dept. 300; or visit our web site at http://www.borders.com

Prices subject to change

©1996 Borders, Inc.

"Beckerman's arguments are piercing . . . He's not anti-green. He is merely sensible."
—*The Economist*

Oxford economist Wilfred Beckerman takes a skeptical and provocative look at such issues as biodiversity, global warming, sustainable development, and the question of what we owe to posterity. His defense of economic growth and his piercing examination of the acute but localized environmental problems of the Third World challenge the environmentalist conventional wisdom.



Through Green-Colored Glasses
by Wilfred Beckerman
248 pages, $11.95 paper/$21.95 cloth

CATO INSTITUTE

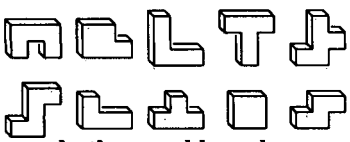
Call toll-free to order: 1-800-767-1241 (noon-9 p.m. eastern time, Monday-Friday)
1000 Massachusetts Ave., N.W., Washington, D.C. 20001

An Unexercised Mind May Become An Incapable Mind

Mental exercise may be as important to maintaining your mental acuity, as physical exercise is to maintaining your physical fitness. Organized Thinking can provide you with a constant source of problems and challenges to test and build your thinking skill.

CUBE5™

Assemble A 3x3x3 Cube



and other problem shapes.

Use different selections of the ten wooden pieces to construct the 3x3x3 Cube, and other Problem Shapes. Over fifty puzzles. The 3x3x3 cube assembled out of six CUBE5 pieces is 2 1/4 inches on a side. Price: $25.

SCRAMBLE-20™

Exchange Letters in the columns

C	P	A	I	E
P	R	I	L	M
S	S	L	M	T

to find English words in the rows.

Form words in the rows of the SCRAMBLE-20 puzzles by exchanging column letters. Solve for 4, 5, 6, 7 and 8 letter words. Over two hundred puzzles. SCRAMBLE-20 has 80 plastic letter pieces in four colors. Price: $20.

Developed by an MIT Trained Computer Scientist to strengthen your mind against the stress and strain of modern living.

To order call 800-298-4947, or mail a check. Add $5 for S&H. (MA Residents 5% Sales Tax.)

Organized Thinking 220 Boylston Street Newton, MA 02167

cross is in the way that he encourages evolutionists in foolish efforts to make even more of a secular religion of their science. Johnson speaks proudly of his friendship and interactions with the historian of biology and ardent evolutionist Will Provine, one of the worst offenders in this respect. For instance, in the January 1993 issue of *Biology and Philosophy,* Provine advocates teaching creationism in biology classes, so that students might be exposed to the clash between it and the better "faith" (his word) of naturalism. It would be disingenuous of me were I not to admit that I am the editor of *Biology and Philosophy*. But although you may applaud me on this occasion for letting authorial rights take precedence over editorial qualms, it remains simply silly to bandy about terms like "faith," implying that the scientist in the lab is necessarily on a par with the repentant sinner at a Billy Graham rally—the one drawing on years of training and the accumulated wisdom of the ages, the other driven by rhetoric and other paraphernalia of emotionalism.

Thus far I am merely cross. What makes me truly livid is the way that Johnson flagrantly misrepresents and trivializes philosophy. How can anyone—perhaps other than a lawyer trying to win a case—claim that the morality of liberalism "tends to become progressively more relativistic and even permissive"? In what sense can one claim that today's most influential theorist of liberal thought, John Rawls, preaches a philosophy of permissiveness? Rawls, for instance, would give us freedom to drive cars. But he would at once except the blind. That is not relativism, but the realization that morality is always a question of combining ultimate norms and particular factual circumstances.

Basically, as I have hinted already, the flaw in Johnson's position lies in his slippery notion of naturalism, from which he extracts atheism and all of the wrongs of contemporary society. I will waste no time in trying to refute him, for his treatment of opponents convinces me that this would be a futile task. Rather, I want to go on the offensive, asking what it is that

Johnson really wants us to believe.

Johnson admits candidly that these are questions that he prefers his critics not ask. While happy to rubbish the other side, he feels no obligation to offer an alternative. However, we can ignore his modest reticence. Not only because it is in flat contradiction to demands he makes elsewhere that the naturalist answer all questions (else the argument is "a nonstarter"), but because, with an undercurrent of grumblings throughout his book about abortion, homosexuality, and the like, Johnson clearly is pushing an alternative.

GO TO THE HEART OF THE CASE. JOHNSON calls himself a creationist. What does that mean exactly? All Johnson says is that he takes seriously the beginning of St. John's Gospel ("In the beginning was the Word," etc.). That is all very well, but not that informative. Indeed, it is not informative at all. What about Noah's flood? Where does Johnson stand on that, especially on its supposedly universal nature? If he does subscribe to it, then smooth though he may be, he is surely as scientifically crazy as the down-market crew.

If Johnson does not subscribe to the universality of the flood—unambiguously described in Genesis—then he is apparently interpreting the Bible and taking out bits and pieces as it pleases him. There is nothing wrong with this, but we have the right to know which bits and pieces. Is Johnson against pork eating, for instance? Or wearing a wool-linen mixture? Both practices are forbidden in Leviticus. If so, should we take him seriously? And if not, why should we then accept what Leviticus tells us about homosexuality?

The simple fact of the matter is that Johnson's case is as empty as he pretends his opponents' is. He gives us no foundation for moral understanding. If he has one, he conceals it. Up-market creationism proves no more satisfactory than down-market creationism. Neither compels our allegiance. But, apart from the very real threat that such slick products as *Reason in the Balance* might mislead the uninformed or slow-witted, they do serve

A Notice To Our Subscribers

From time to time, our subscriber list is rented to others. We carefully screen those to whom we rent our list and try only to rent to those whose offers we believe may interest our subscribers. If you do not wish to have your name included on our rental list, simply let us know by writing us at:

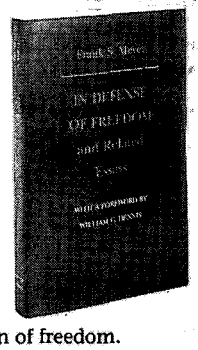
Reason
3415 S. Sepulveda Blvd., Suite 400
Los Angeles, CA 90034
Attn: List Rentals

TURBO BLAST™
The Ultimate Brain Food!
Get a smooth, optimistic, mental lift. Contains the nutrients your brain can use to make noradrenaline – the brain's version of adrenaline – the natural "get up and go juice"! Designed by life extension scientists, Durk Pearson & Sandy Shaw®.
30 servings - One Month supply - 444 grams
Reg. ~~$24.95~~ NOW $19.96
FREE 6 month subscription to Life Services News with your order (A $9.95 value!) Call for your FREE color 48 page catalog. Offer expires Nov. 15, 1996.
TOLL FREE: 1-800-542-3230
Mention R1096 • Life Services Supplements, Inc., Dept. R1096 3535 Rt. 66 • Neptune, NJ 07753
Add $4.50 for UPS Ground S&H.
LIFE SERVICES

Modern Editions of Classic Works for Today's Readers

IN DEFENSE OF FREEDOM AND RELATED ESSAYS

By Frank S. Meyer
Foreword by William C. Dennis



When it first appeared in 1962, ***In Defense of Freedom*** was hailed by Richard M. Weaver as "a brilliant defense of the primacy of the person" and an "indictment of statism and bureaucratism." Of the author, William F. Buckley, Jr., remarked, "Meyer has done more than anyone in America to search out the metaphysics of freedom." Meyer examines the tension between the freedom of the person and the power of social institutions. In his view, both the dominant Liberalism and the "New Conservatism" of the American tradition place undue emphasis on the claims of social order at the expense of the individual person and liberty. In contrast, Meyer insists that liberty is essential to the pursuit of virtue. Therefore, the proper end of political thought and action is the establishment and preservation of freedom.

The new Liberty Fund edition includes nine related essays, among them "Freedom, Tradition, Conservatism," "In Defense of John Stuart Mill," "Libertarianism or Libertinism?" and "Western Civilization: The Problem of Political Freedom." A bibliographical essay traces the polemical response to Meyer's writings.

240 + xxiii pages. Foreword, bibliographical essay, index.

Hardcover	$15.00	0-86597-139-0
Paperback	$7.50	0-86597-140-4

"Conceived in Liberty"

For a nation "conceived in liberty," the study of the ideal of a society of free and responsible individuals is a never-ending obligation. To encourage this deliberation, Liberty Fund—a private educational operating foundation established in 1960—makes available a wide range of outstanding books. Each title explores the genesis and sustenance of liberty in individual life, in society, governance, and economics. Our publications include the works of Adam Smith, David Hume, Lord Acton, Ludwig von Mises, Nobel laureates F. A. Hayek and James Buchanan, crucial political writings of the American founding era, and landmark works in philosophy, law, and education. We invite you to request a free copy of our catalogue.

Call 800-955-8335
Fax 317-579-6060
or write:

Liberty Fund INC.

We pay book rate postage on prepaid orders.

8335 Allison Pointe Trail, Suite 300, Dept. MERE, Indianapolis, IN 46250

AUTHORS
See Your Book In Print
70-year tradition of quality.
Subsidy book publishing,
all types of manuscripts.
Write or call for complimentary
Author's Guide. Dept. RS.
Dorrance Publishing Co., Inc.,
643 Smithfield St.,
Pittsburgh, PA 15222
1-800-695-9599

Earn your B.A., M.A. or Ph.D. by independent study
Hundreds of colleges and universities offer self-directed degree programs you can pursue by distance learning. Flexible, economical, accredited. Part-time or full-time, according to your own schedule. This witty guide helps you find and evaluate programs.
Free brochure:
Bears' Guide, 6923-R Stockton Ave.
El Cerrito, CA 94530 USA
Phone 1-800-835-8535

FREE PACKAGE FOR INVESTORS
WILL YOU BE READY FOR
THE CLINTON CRASH?
Few investors realize a historic opportunity is almost upon us.
Current political and economic trends have converged to create unprecedented opportunities for the well-informed investor.
TRENDWATCH has produced a special analysis package. We reveal how the fantastic leverage of options will produce phenomenal investment returns in the stock and commodity markets directly ahead.
Don't miss out! Call now for your FREE analysis package.
You will receive a copy of our detailed study of major market moves, our powerful technical analysis software, and information on the TRENDWATCH advisory service.
1-800-531-0788
TRENDWATCH
OPTION TRADING SPECIALISTS
5250 N. ORACLE #89 TUCSON, AZ 85704

as a warning for us all, especially those of us who cherish science as a wonderful achievement of the human spirit.

We who are being attacked should put our own house in order. I am glad that Richard Dawkins is a Darwinian. I have no quarrel with Dawkins if he wants to be an atheist, even though it is not my position. I deny the claim of both Dawkins and Johnson that there is a connection between the two. That kind of link must be broken, whoever is trying to forge it. Science and religion are good neighbors. They are lousy bedmates.

Michael Ruse (mruse@arts.uoguelph.ca) is professor of philosophy and zoology at the University of Guelph in Ontario, Canada. He was a witness for the ACLU in the Arkansas creationism trial. His Monad to Man: The Concept of Progress in Evolutionary Biology, *a study of the place of values in science, will be published by Harvard University Press in the fall.*

Coalition Politics

By Charles Oliver

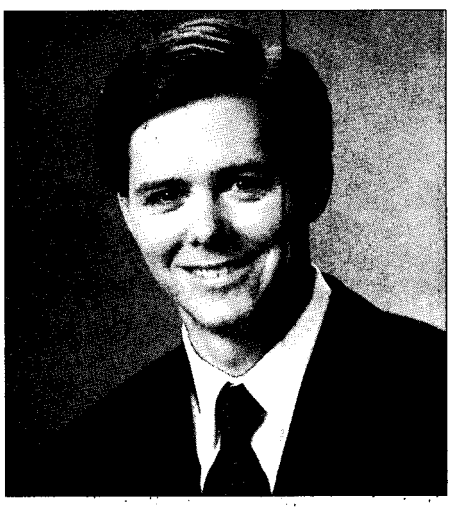
Active Faith: How Christians Are Changing the Soul of American Politics, by Ralph Reed, New York: The Free Press, 311 pages, $25.00

WHEN I WAS IN COLLEGE BACK IN the early 1980s, there was a bumper sticker that read, "The Moral Majority Is Neither." I saw it on quite a few cars in the parking lots used by the English professors and their graduate students.

Today, driving around Santa Monica and the Westside of Los Angeles, I still see plenty of trendy leftist stickers. I see slogans for unions and for Greenpeace. I see denunciations of racism and guns. But I've never spotted an anti–Christian Coalition bumper sticker.

That says quite a bit about the coalition and its executive director, Ralph Reed. Liberals have tried to tar the group with the same brush they used so effectively against the Moral Majority and Jerry Falwell. And they've made some mud stick to the coalition's founder, televangelist Pat Robertson. But by and large, the Christian Coalition just doesn't seem to arouse the same sort of passionate opposition that the Moral Majority did.

Active Faith provides some clues as to why. This book chronicles the Christian Coalition's founding and its activities up to the present. It shows how Reed and his colleagues deliberately sought to avoid many of the mistakes the Moral Majority made. There's much in here that will cheer those who still distrust the authoritarian leanings of the religious right. But it won't quiet all their fears. Not by a long shot.



Ralph Reed: Reaching out to the more libertarian elements among Republican social conservatives.

Following his unsuccessful run for the Republican presidential nomination, Pat Robertson formed the Christian Coalition in 1989. He chose as its director Ralph Reed, a 28-year-old graduate of the University of Georgia (where I knew him

vaguely). Reed had actually worked for Jack Kemp in the 1988 campaign, but he was a born-again Christian who had spent most of his young life in politics.

The Christian Coalition was supposed to fill the vacuum left by the demise a few years earlier of the Moral Majority. But from the beginning, Robertson and Reed were determined that the coalition would differ in some important ways from its predecessor. For one, most of the group's leaders are lay people, not ministers. Reed and Robertson decided to focus their energy on building a true grassroots organization, something they felt the Moral Majority had never really been. To this end, they started programs to train conservative Christians to run for office and to manage other people's campaigns. These trainees became active in state and local Republican parties throughout the nation. They ran for municipal offices and school boards. Within a short time, the Christian Coalition became a big force in politics.

Reed and Robertson have also tried to avoid the mistakes made by labor unions and other special-interest groups linked to the Democratic Party. The Christian Coalition doesn't formally endorse candidates. This helps it keep its tax-exempt status. It also helps Reed, Robertson, et al. avoid looking as if they try to dictate the nominees of the Republican Party.

THE COALITION'S EFFORTS PAID OFF pretty quickly. It was an important part of the effort that led to the Republican takeover of Congress in 1994. But the coalition wasn't the only group involved in those elections. Property rights organizations, gun owners, taxpayers' groups, and others got their people to the polls and helped the Republicans win. And that demonstrates an important truth: Conservative evangelicals account for only 10 percent to 15 percent of the electorate. If they are going to reach their goals, they will have to work with others.

Reed and the Christian Coalition have consciously tried to reach out to the so-called economic conservatives and the more libertarian elements of the Republican Party. "We believed that most of the

THE SPIRIT OF 1996

LET FREEDOM RING:
(800) 995-0796
EXT. 5883

Liberty cannot be preserved without a general knowledge among the people. --John Adams, 1765

Call JAZ Group for FREE INFORMATION on an exclusive program that explains clearly and simply:

What has happened in America	How you are being victimized
How to understand economics	How to create and expand profits
How to make 30–100% returns	How to restore your credit
How to live in a tax haven	How to invest offshore safely
How to protect your assets	How to reduce your taxes

LEARN AND SHARE THE KNOWLEDGE IN A TURNKEY HOME BUSINESS WITH PROFIT POTENTIAL OF $10,000 IN 30 DAYS

UNRIVALED INSIDE INFORMATION
A STEP-BY-STEP FINANCIAL STRATEGY FOR THE NINETIES

If you care about, write about or want to work in politics, YOU MUST GET

In-House Lobbyist®
For conservatives by conservatives

Powerful political resources in an easy to use software package

In-House Lobbyist makes you a lobbying and information powerhouse. Get the research and contacts lobbyists spend thousands of dollars accumulating. A built in word processor lets you personalize hundreds of letters to the most influential people in politics by just pushing a few buttons. Retrieve, revise and resend letters and faxes with ease. Always know whom to contact to get the facts and have your opinion make a difference.

Perform research • Print phonelists, committee lists & directories • Track legislation • Keep custom notes for every contact • Add your own local contacts • Simplify and maximize grassroot efforts, job searches & getting published • View Photos

CONTAINS Address, Photos, FAX and phone numbers, E-mail, names of staff members, biographical info, voting indexes, election results, campaign info, web sites, and more for:

Every Member of Congress
Every state GOP Head-quarters
225 Right Resources: media, think tanks, PACs, lobbyists & many more useful sources

FREE WITH YOUR ORDER!!!
A $29.95 Value
Historic Documents on Disk
"A must reference collection!"

$39.95
+ shipping
Visa, Mastercard, Amex
Windows or Macintosh

For orders or information:
1-800-563-9395
e-mail: ihlobby@aol.com
Starboard Response • PO Box 145 • San Luis Obispo, CA 93406

No more reform!
Americans need
Separation of *school* & state

Nat'l Conference—Nov 24-26 • Arlington Va.

Confirmed: Peter Breggin, Sam Blumenfeld, Steve Dasbach, Tom DiLorenzo, Cathy Duffy, Stan Evans, Marshall Fritz, John Gatto, Charles Rice, Sheldon Richman, John Rosemond, Kevin Ryan, Tony Snow, Joe Sobran, & many more.

write or call for a conference brochure

Separation of School & State Alliance
4578 N. First #310 • Fresno CA 93726
(209) 292-1776 • Fax 292-7582
www.sepschool.org

Learn more reading the news:
SPANISH
• *Perspectiva Monthly (22 pp)*
GERMAN
• *Standpunkt Quarterly (30 pp)*
$25 ANNUAL SUBSCRIPTION
• LANGUAGE LEARNING MAGAZINES
• INTERMEDIATE READING LEVEL
• GLOSSARY IN EACH ISSUE
• **FREE** GRAMMAR GUIDE FOR NEW SUBSCRIBERS
WORLD NEWS • CULTURE • LAW
HEALTH • BUSINESS • SCIENCE
EDUCATIONAL NEWS SERVICE
BOX 60478-RES, FLORENCE, MA 01060
HTTP://www.ednews.com/
1-800-600-4494
TO ORDER OR GET FREE BROCHURE

TEACH YOURSELF ONE OF 52 LANGUAGES IN ONLY 60-80 HOURS

BASIC INTERMEDIATE AND ADVANCED-LEVEL COURSES

Afrikaans	Latvian
Amharic	Lithuanian
Arabic	Mandarin
Bulgarian	Norwegian
Cantonese	Persian
Czech	Polish
Danish	Portuguese
Dutch	Romanian
English	Russian
Estonian	Scots Gaelic
Finnish	Serbo-Croatian
French	Slovak
German	Spanish
Greek	Swahili
Haitian Creole	Swedish
Hausa	Tagalog
Hebrew	Thai
Hindi	Turkish
Hungarian	Ukrainian
Indonesian	Urdu
Irish	Uzbek
Italian	Vietnamese
Japanese	Welsh
Khmer	Yoruba
Korean	Zulu
Lakota	
Latin	

AUDIO-FORUM®
Room 3703,
96 Broad Street,
Guilford, CT 06437
Fax (203) 453-9774

CALL OR WRITE FOR FREE CATALOG
1-888-773-2548

e-mail: 74537.550@compuserve.com

tension between moralists and libertarians was overstated," Reed writes. "In general, social conservatism led naturally to libertarian views on the size and scope of government. Our purpose was not to gloss over differences on the so-called 'hot button' issues that divided us, but to put those differences into context by emphasizing the large area of agreement."

He goes on to note: "When we took our first tentative steps on the political battlefield, we religious conservatives combined the skill of a novice with the temperament of a zealot. But times have changed. We now know that politics is not the sole or even the primary answer to our nation's moral decay, and that the best standard of government is still John Stuart Mill's principle of allowing the greatest liberty possible until someone else's life or liberty is jeopardized."

Reed also calls upon his fellow religious conservatives to avoid harsh language against their foes. He says the spirit of Christian love demands charity toward opponents. That doesn't mean Christians shouldn't speak out against that which they feel is wrong. "But we must always speak and move in love," he says, "seeking redemption rather than condemnation." Although Reed doesn't acknowledge it, the mere fact that he must repudiate harsh language, together with the examples of such rhetoric that he cites, shows that the popular image of the religious right as a bunch of intolerant, self-righteous busybodies has at least some basis in truth. It isn't, as some Christian conservatives maintain, just the creation of a hostile press.

Ralph Reed talks a good libertarian game, but following through is another matter. For instance, he says censorship "is ultimately destructive to the body politic and to our society." Yet he hedges that by adding, "But the exploitation of women and children by hard-core and child pornography, its proven tendency to lead to rape and other sexual crimes, and the exposure to children to it on the Internet invades the rights of others." Note the lack of distinction between child and "hard-core" pornography. Note also his assertion that hard-core porn has been proven to cause rape, a claim that most social scientists would find laughable. As one of the Christian Coalition's biggest accomplishments, Reed cites passage of the Communications Decency Act (since overturned in federal court), which criminalized Internet publication of "indecent" material, a much broader category than "hard-core pornography." To get this bill passed, the Christian Coalition sideswiped Republicans who had introduced alternative legislation that would have promoted technology allowing parents greater control over what their children access, without violating the First Amendment rights of Internet users.

Property rights organizations, gun owners, taxpayers' groups, and others helped the Republicans win in 1994. Conservative evangelicals account for only 10 to 15 percent of the electorate.

EVEN IF REED IS SERIOUS ABOUT EMULATING John Stuart Mill, it's not clear how many members of the religious right he speaks for. The Christian Coalition, after all, has only a few hundred thousand members. The Christian conservative movement is much larger than that. Reed argues that calling gays "perverts" is inconsistent with the Christian virtue of mercy. In direct response, Jerry Falwell has said, "I think that a person who is practicing moral perversions is a moral pervert." So much for Christian mercy. Reed denounces the protectionist, anti-business rhetoric of Pat Buchanan. But exit polls from this year's Republican primaries show Buchanan's message resonated with quite a few members of the religious right.

In truth, conservative evangelicals are a diverse lot. Some are true libertarians.

Some want nothing less than to rule America according to biblical law, complete with the death penalty for adulterers, homosexuals, and disobedient children. Most fall somewhere between these two extremes.

Ultimately, the defining political characteristic of the religious right is its concern with moral issues. Economic conservatives can and should work with the religious right to achieve common aims. But libertarians should never fool themselves. There remain profound disagreements between the two groups. It isn't clear yet whether Reed's book will help bridge those differences or simply gloss them over. R

Contributing Editor Charles Oliver is a staff writer for Investor's Business Daily.

Goodbye, Einstein

By Kenneth Silber

The End of Science: Facing the Limits of Knowledge in the Twilight of the Scientific Age, by John Horgan, Reading, Mass.: Helix Books/Addison-Wesley, 309 pages, $24.00

SHORTLY BEFORE THE MILLENNIUM ends, I shall write my magnum opus, tentatively titled *The End of Books Titled the End of Something*. In it, I shall reveal a profound shift in human affairs, unnoticed by anyone but myself: the passing of the era in which the reading public was bombarded with sweeping, speculative tomes that draw the curtain down upon History, Equality, Racism, or some other Big Thing.

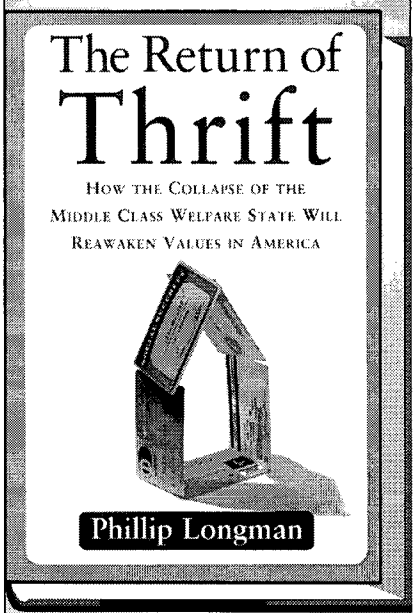
It will be sad to say farewell to all these valedictory volumes, for they have been entertaining, if a bit portentous. What they have in common are soaring authorial ambition, plenty of certitude about what the post-Whatever future will look like, and a willingness to use unconventional definitions to justify the title's hyperbole. (*The End of History*, you may recall, did not mean that nothing more would happen; it meant that a Hegelian process of social evolution had culminated in democratic capitalism.)

Yet the demise of endism is not quite upon us yet. (Perhaps it will come only when all major categories are exhausted and publishers start receiving manuscripts with titles like *The End of Volleyball*.) *The End of Science*, a lively, witty book by science writer John Horgan, exemplifies the genre's virtues and faults: It is fun to read. It will make people think. It careens from one topic to another in the service of its grand theme. And it issues a death certificate that is, in all likelihood, more than a little premature.

Built loosely around Horgan's excellent profiles of well-known scientists and philosophers for *Scientific American*, *The End of Science* takes the reader on a whirlwind tour of particle physics, cosmology, evolutionary biology, neuroscience, complexity theory, anthropology, and inchoate fields such as "limitology" (Horgan's term for efforts to determine science's limits) and "scientific theology" (far-out speculations about the ultimate role of intelligence in the universe). Throughout, Horgan finds evidence that the scientific quest for knowledge is, rapidly and irreversibly, running out of gas.

The End of Science is not primarily concerned with science's social and political troubles of recent years, such as the superconducting supercollider's cancellation or the rise of New Age mysticism. These are, if anything, mere symptoms of the deeper malaise that Horgan diagnoses: Science's major breakthroughs, such as evolution and quantum mechanics, are already behind it, leaving only the mundane task of filling in the details of existing theories. Like modern poets who lumber

"A grim but insightful analysis of America's burgeoning middle-class welfare state."
—*The Washington Post Book World*


The Return of
Thrift
How the Collapse of the Middle Class Welfare State Will Reawaken Values in America
Phillip Longman

"An unsparing and unnerving audit of the cost of so-called entitlements which makes the debate on balancing the federal budget appear all but irrelevant." —*Kirkus Reviews*

"Some of the most lucid writing ever on national macroeconomics." —*Booklist*

"*The Return of Thrift* treats a complicated and much-lied-about subject with complete honesty and clarity...it is truly hopeful about America's future."
—NICHOLAS LEMANN, *The Atlantic Monthly*

"An unstinting look at the culture of middle-class entitlements and their implications for the 21st century."
—SENATOR BILL BRADLEY

A MAIN SELECTION OF THE CONSERVATIVE BOOK CLUB

THE FREE PRESS
A Division of Simon & Schuster

U.S. Mint Morgan Silver Dollars

5 Different Coins $99

Over 100 Years Old!
Brilliant Uncirculated Condition!

Morgan Silver Dollars were struck from 1878 to 1921, using silver mined during the Old West Silver Rush. We have accumulated hundreds of Brilliant Uncirculated Morgan Silver Dollars, all dated before 1891! These same coins once sold for more than $50 each. Dates and mintmarks of our choice.

Add $8 per order for postage. *Satisfaction guaranteed.* 15 day return privilege after you receive the coins.

Visa, Mastercard, or Discover
(800) 825-8930

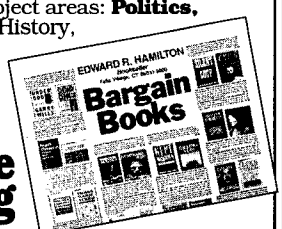
or send check to:
Treasure Chest of Liberty, 300 Frandor Ave
P.O. Box 21185, Lansing, MI 48909-1185

TREASURE CHEST OF LIBERTY
History You Can Hold
a division of Liberty Coin Service, established 1971

Bargain Books

America's Biggest Selection at up to 80% savings!

- Recent publishers' overstocks, imports, reprints, starting at $3.95.
- Thousands of titles, hundreds of new arrivals each month!
- Beautiful art and nature books. Yesterday's best sellers, rare, unusual, fascinating books for every interest.
- Over 60 subject areas: **Politics,** Biography, History, Fiction, Science, Cooking, Gardening, more.



Free Catalog

Please send me your Free Catalog of Bargain Books.

Name

Address

City / State / Zip

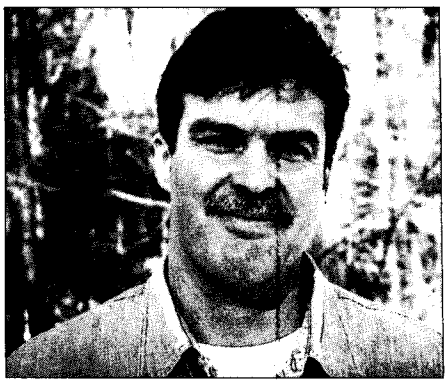
HAMILTON
5220 Oak, Falls Village CT 06031-5005

in the shadow of Shakespeare and Dante, scientists now have little prospect of matching their illustrious predecessors. There is nothing all that important left for them to discover.

Haven't we heard this before? Horgan's thesis recalls the oft-told story of the 19th-century patent official who wanted to shut down his office because everything had been invented. But that tale has been exposed by historians as apocryphal, as Horgan notes. Similar reports that Victorian-era physicists complacently regarded their discipline as more-or-less complete appear upon inspection to be exaggerated. Anyway, even if these stories were historically accurate, the objection that people were mistakenly arguing Horgan's point 100 years ago would not be very compelling: Perhaps science has finally reached the end point that was wrongly predicted before.

UNLIKE SOME PRESENT-DAY PHYSICISTS who claim to be verging on a "theory of everything," Horgan does not present science's end in triumphalist terms. Rather than exiting the stage in a blaze of glory, science is seen stumbling into a cul-de-sac, bumping up against its own intrinsic limits while leaving many questions unanswered. Seeking to expand the boundaries of current knowledge, researchers are increasingly engaged in what Horgan calls "ironic science"—imaginative but empirically untestable theorizing about the nature of consciousness, the origin of the universe, and other intractable mysteries.

Hence, physicist Edward Witten expounds upon infinitesimal superstrings and multiple dimensions, seemingly unfazed that no one has any idea how to detect such things. Cosmologists such as Stephen Hawking toy with unverifiable notions of wormholes, baby universes, and time travel. Biologists studying the origin of life move from one faddish theory to another, unable to recreate with any certainty the conditions of the primordial earth. Might the much-publicized fields of chaos and complexity open a new horizon for substantial research? Not likely, Horgan argues; chaos theorists' computer simulations have turned out to be little more than poetic metaphors, with limited explanatory power.



John Horgan: His witty book issues a death certificate that's probably premature.

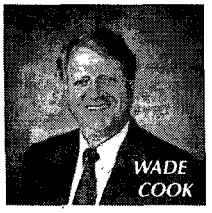
Horgan, a science enthusiast, is unimpressed by postmodern philosophy's claims that scientific facts are mere social constructs. He notes that the radical relativist Paul Feyerabend did not hesitate to seek medical attention upon learning he had cancer. Indeed, much philosophy of science, encapsulated in Horgan's encounters with its practitioners, appears to be self-refuting gibberish, as when Sir Karl Popper pounds a tabletop while shouting that he is not dogmatic. Yet as science moves into its post-empirical phase, Horgan predicts, it will lose its privileged status among disciplines, becoming something like philosophy or—worse yet—literary criticism. Stumped by the conundrums of quantum mechanics and superstring theory, the once proud physics profession will descend into noisy, unresolvable debates, much like those of the Modern Language Association.

Set against this bleak backdrop, Horgan presents amusing vignettes of the scientists he has met. Evolutionary biologist Richard Dawkins icily dismisses an audience member's muddled questions. Chaos theoretician Mitchell Feigenbaum bumps his shin against a coffee table in a painful encounter with reality. Francis Crick appears as a grinning "Mephistopheles of biology," gleefully deflating common assumptions about consciousness and free will. Many of Horgan's interlocutors har-

A Very Special Advertisement

Do you know how to double your money every 2 1/2 to 4 Months?

Most people have never thought of turning the stock market into a business, generating checks so they can quit their jobs. And most people are happy with 6% returns. How would you like to meet a man who gets 30% to 50% monthly returns on his whole account? How would you like to double your money every 2 1/2 to 4 months? You need to meet Wade Cook. Wade is the author of the new best selling book, The Wall Street Money Machine. He is a former cab driver and now, after 16 years of investing, writing and teaching, he is truly America's Premier Financial Strategist — indeed, no one else even comes close.



We asked Wade if we could capture his powerful, yet easy-to-implement, stock market strategies on cassette so you can tap into and use them immediately. Even if you have as little as $500 to invest, you can start the cash flow machine working for you. We've combined many of this millionaire's personal, income-generation strategies, wealth-enhancement techniques, tax reduction, retirement formulas and bequeathment systems into a power pack educational system. It's called, "FINANCIAL POWER PACK." It contains 3 cassettes: Income Formulas, Money Mysteries of the Millionaires, and the Power of Nevada Corporations, and a huge information-packed manual called "Brilliant Deductions." Act now and we will include as a free bonus: Outrageous Returns, five free days of WIN and the Entity Structuring Report. You get it all for $44, plus $6 shipping and handling.

> *I made 14.4% return on my money in one morning–if I get called out, I'll double that. It took about $7500 to make $2000 in a matter of hours!*
>
> —Ron F., Las Vegas, NV

Income Formulas

A thrill a minute: Eleven of Wade Cook's stock market strategies for generating income. That's cash hitting your account or sent to your home. Topics: Rolling Stock, Dividend Capturing, Range Riders, Stock Splits, Turnarounds, Bottom Fishing, Writing Covered Calls, Investing for Tax Credits.

> *You have shown me how to generate my retirement income. During the last half of 1995 I generated $70,000.00.*
>
> —Jim N., Sherman Oaks, CA

Money Mysteries of the Millionaires

Get rich, stay rich. Learn to create an asset base which produces income. This is a no-nonsense seminar explaining what wealthy people do to get their money working hard for them. Wade shows you secrets of the super wealthy. He's rich; he'll show you how to get rich, too. This is a powerful seminar.

> *Most phenomenal learning experience a person could have. Thank you very much! I made $6,000.00 in two days. What a course.*
>
> —Bob C., Corona, CA.

Power of Nevada Corporations

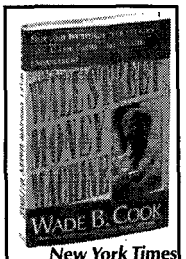
This wonderful seminar shows you how to protect your family's wealth with an easy-to-set-up but incomparable Nevada Corporation.

Secrecy, privacy, no taxes, no reciprocity with the IRS, voting, non-voting stock, redeemable stock, and other incredible asset protection formulas.

There are at least 20 ideas, formulas, techniques in these "industrial strength" seminars which can make or save you $10,000 each.

WALL STREET MONEY MACHINE

Fresh off the presses and available in fine bookstores everywhere. Wall Street Money Machine is the number four best seller on the New York Times best seller list! You'll not want to miss this one. This incredible value contains literally everything that Wade Cook has written about making money in the stock market, all at the price of just $24.95.

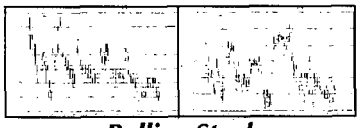


New York Times

SAMPLE STRATEGIES:

Rolling stock

A system of finding inexpensive stock which you buy at $1.50 and sell a month later for $2.50. Buy 2 weeks later at $1.50 and sell 3 weeks later at $2.50. They roll between a high and low. Predictable, easy and a real cash flow machine.



Rolling Stock

Writing Covered Calls

18% to 42% monthly returns. If you own stock, you then sell an option (call) generating immediate income. This option gives someone the right to buy your stock at a profit. It can be done on margin. It's so safe you can do it in an IRA. Look at this example:

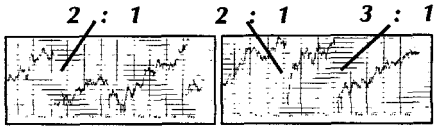
Buy 1,000 shares of IDC at $7.00 = $7,000. Buy the stock on margin so you only spend $3,500. Sell next month's $7.50 call for 62.5 cents, totalling $625 (your premium). Your rate of return is 17% ($625/3,500 = 17%). If the stock rises above $7.50, you get called out and make another $500 ($7,500 - $7,000 = $500). Now, you have a 32% return for 4 weeks. That's 384% annualized Cash Flow every month. Writing covered calls is a real winner.

Options on Stock Splits

When companies announce a stock split, 2:1, 3:1, 3:2, or whatever, there's a tendency over the next year or so, for the stock to go right back up.

Options are proxy investing, allowing us the right to buy stock at a certain price. You buy a three month option on a company's stock, it splits, goes up and you double, triple, quadruple your money in 2 to 6 weeks.

Don't trust Wade, test him. Yes, we have documented 1,952%, 3,240%, 5,480%, 12,400% annualized returns. You'll never be happy with 10% or 16% again.

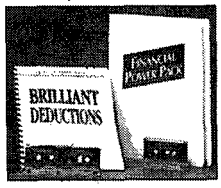


Stock Splits

Let Wade Cook, master investor, educator, show you how. This single technique is worth thousands of dollars, but we've added more. You need BRILLIANT DEDUCTIONS to help you keep more money. This is a twelve section, two hundred page manual. Tax deductions, NOL's, Entity Structuring, tax deductions and credits. You'll learn about:

- *NEVADA CORPORATIONS*
- *LIVING TRUSTS*
- *CHARITABLE REMAINDER TRUSTS*
- *PENSION PLANS*
- *BUSINESS TRUSTS*
- *(FAMILY) LIMITED PARTNERSHIPS*

You learn how to drop out of the social security system legally and a host of other tax reduction formulas. You'll learn how to integrate and use the entities listed above. You'll learn how to make more and keep more.



Order the Financial Power Pack now and you'll receive the following 3 bonuses:

1. Entity Structuring Report

2. Outrageous Returns

A new seminar with details on how to consistently earn fantastic returns.

3. Five-day subscription to W.I.N., the Wealth Information Network, our amazing computer bulletin board service.

NOTE: The Wall Street Money Machine *book is not included with the Financial Power Pack. Please order the book for your self, and one for your stock broker. Wall Street Money Machine is available at better book stores everywhere.*

CALL TODAY FOR WADE COOK'S NATIONAL SPEAKING SCHEDULE

Send me _____ Financial Power Packs at $44 each. Add $6.00 shipping and handling.

Call 1-800-706-4439

or Make check payable to
United Support Association, Inc.
24837 104th Ave. S. E. Suite 201 Kent, Washington 98031

Ask for offer code 101-A

Ship to: Name _____
Address _____
City _____ State ____ Zip _____
Phone: Day (___) _____ Eve (___) _____

SCHOOLS CAN TAX BUT VOUCHERS CAN PASS.

DISECONOMIES OF SCALE IN PUBLIC EDUCATION

- This is the booklet that will *help pass* a voucher system in California.
- The study *shows how* public school monopoly power has been used to build continuing budget costs.
- It provides a *practical path* to bringing school district budgets into the public awareness.
- It demonstrates *ways to build* increasing voter support for school voucher propositions.
- The school-choice issue is *not* going away; and, "DISECONOMIES" will become an *essential part* of the movement.

YES! PLEASE SEND ME ____ COPIES OF DISECONOMIES OF SCALE IN PUBLIC EDUCATION AT $11.25* PER COPY (PLUS $3 SHIPPING AND HANDLING PER ORDER). *CA RESIDENTS ADD 8.25% SALES TAX.

NAME: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

MAIL TO: VOUCHER ACTION PRESS, PO BOX 1451 • SAN PEDRO, CA 90733-1451

Offshore Commercial Bank

Immediate Acquisition
Class A license
100% Control. No qualification requirements. US $25,000.

Finance Merchants Group
Nassau Tel: 809-394-7080
Fax: 809-394-7082
London Fax: 44-181-539-8246
Fax-on-Demand Information Line: (USA) 817-323-1633

Destined To Be A Collectors Item

We Tried Him
We Did Not Like Him
And We Did Not Inhale

As The Whitewater Gets Hotter So Does This Shirt.

Free Bumpersticker with purchase of shirt!

Hasta La Vista... Bubba! © 1995 JR Creations

Shipped Free
T-Shirts, M-XL $14.95 ea. • XXL-XXXL add $2.00
Sweatshirts, M-XL $17.95 • XXL-XXXL and $2.00
Bumper Stickers $3.00
Poster $5.00 ea. Add $2.00 Shipping & Handling
Send Check or Money Order to: JR Creations
1877 310 Street • Odebolt, IA 51458
Use Visa or MasterCard & call or fax 712-668-4284
Toll Free 1-800-484-6315-PIN 4391
http://www.jrbolt.com/jrbolt

Rare AYN RAND Video
Interview at Madison Square Garden

Bonus! Milton Friedman Interview

Two fascinating original 49 minute interviews filled with wit, charm & verbal barb.

Both interviews by **Phil Donahue** and featured on one VHS Video.

Only $24.95* Order today!

Send check or money order to:
No Free Lunch Distributors
2219 W. Olive Ave. #218
Burbank, CA 91506

* Shipping,handling,taxes included.
(Allow 4 wks. for delivery) R-20

bor a deep ambivalence toward the notion that science might be finite: They want to find answers, but also to continue questioning.

Pure science, seeking knowledge for its own sake, is the noblest of human endeavors, according to Horgan (who does not note that similar claims are routinely made on behalf of art, religion, and even "public service"). Even in its speculative, "ironic" mode, science can serve a valuable purpose, kindling our sense of awe and reminding us how little we know. But, Horgan insists, the era of scientific discovery is over, much like that of exploration of the earth. Its passing will exacerbate humanity's spiritual anxieties. Echoing Francis Fukuyama, as well as biologist Gunther Stent's notion of a "new Polynesia," Horgan expects society to drift into a bored hedonism, perhaps punctuated by occasional warfare.

Researchers are increasingly engaged in what Horgan calls "ironic science"—imaginative but empirically untestable theorizing about the nature of consciousness, the origin of the universe, and other intractable mysteries.

Applied science will continue in the new era, Horgan acknowledges, since technological innovations can still be squeezed from existing theories. But this will be mere engineering, not really science. Moreover, it won't amount to much. Space travel will always be limited by the huge distances involved. Once-promising fields such as nuclear fusion and artificial intelligence have lost much of their luster. Even the greatest imaginable achievement of applied science—human immortality—would be something of a letdown, Horgan thinks, since it would not radically alter our understanding of the universe.

The End of Science takes note of some possible loopholes in its own pessimistic scenario. Perhaps extraterrestrial life will be discovered tomorrow, opening a grand new era of comparative biology. Maybe civilization will eventually become so wealthy that it can afford particle accelerators that encircle the globe. Or superintelligent robots will perform scientific experiments beyond our wildest imaginings. To raise such objections, of course, is tantamount to dismissing them; besides being good material for *The X-Files*, they serve only to bolster Horgan's case.

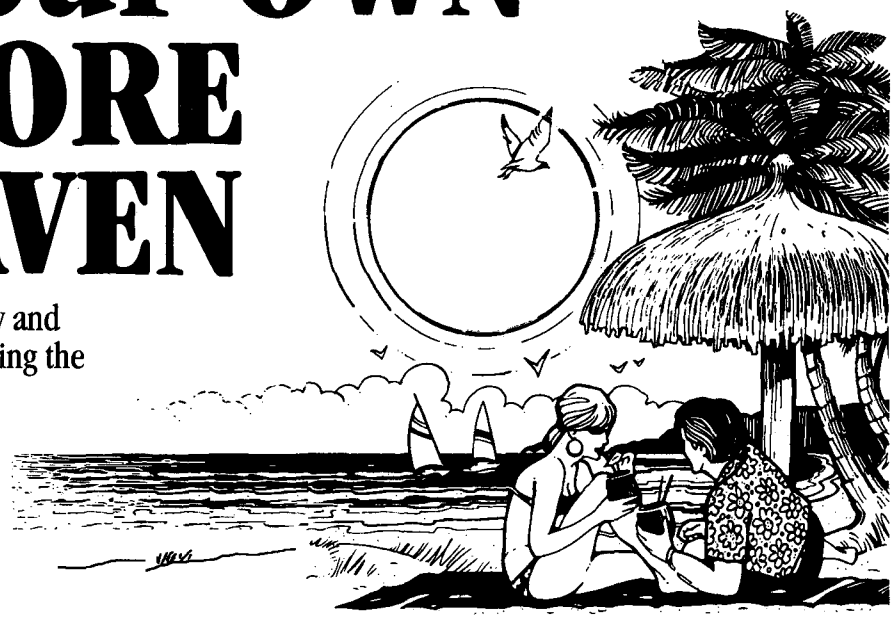
BACK IN THE REAL WORLD, HOWEVER, SCIence is showing stronger vital signs than one might expect of an enterprise entering its final convulsions. Astronomers have recently compiled the first hard evidence for the existence of planets circling other stars. Physicists stung by the supercollider's demise have begun designing new types of accelerators to probe fundamental questions about the nature of matter. Biologists have discovered that bacteria can thrive in ocean-floor vents and other extremely inhospitable locales, completely cut off from the energy of the sun. The empirical ethos is deeply embedded in modern science; it may not evaporate as easily as Horgan expects.

In *The End of Science*'s final chapters, Horgan plunges into fantastical speculations about God and the universe that are only tenuously linked to the book's main argument. Perhaps all life and intelligence will ultimately converge in a God-like "Omega Point," a vast information-processing network predicted by physicist Frank Tipler (taking a cue from theologian Pierre Teilhard de Chardin). In Horgan's view, this all-powerful cosmic computer would pursue the only question worthy of it: Why is there a universe rather than nothing? Not surprisingly, given Horgan's pessimism, even the Omega Point ends up stumped. R

Kenneth Silber (ksilberny@aol.com) writes about science and public policy for Insight *and other publications.*

Protect Your Assets...

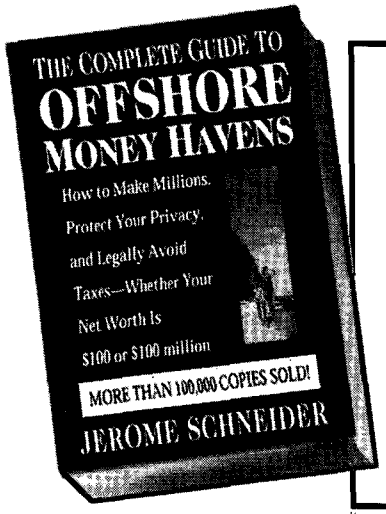
Find Your OWN OFFSHORE TAX HAVEN



Enjoy a new way of life. Live simply and easily making a tax-free fortune using the world's most exotic places.

Picture yourself in lush surroundings with time and money to do everything you want to do, when you want to do it, with no cares or worries.

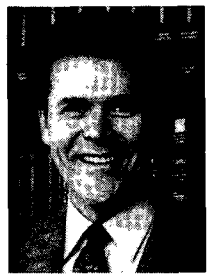
You can do all this tax-free in complete PRIVACY using the world's OFFSHORE MONEY HAVENS.


THE COMPLETE GUIDE TO
OFFSHORE MONEY HAVENS
How to Make Millions, Protect Your Privacy, and Legally Avoid Taxes—Whether Your Net Worth Is $100 or $100 million
MORE THAN 100,000 COPIES SOLD!
JEROME SCHNEIDER

COMPLETE GUIDE TO OFFSHORE MONEY HAVENS
by Jerome Schneider

Complete with directory of recommended offshore banks

Packed full of valuable offshore strategies, tips and techniques. You'll find unbelievable profit potential...freedom from tax collectors...the ability to do business tax-free...how you can do business in complete privacy and full protection from EVERYONE–including your spouse, competitors, partners and more.



Jerome Schneider

About the Author ...

Jerome Schneider is a foremost authority on international finance and investing. For more than 20 years, he has helped businessmen, investors and entrepreneurs make and save fortunes using the world's offshore financial centers.

Discover All This...

- How to invest offshore – in gold, silver, hedge funds, mutual funds, unit trusts CD's, U.S. and foreign stock markets, bonds, arbitrage and prime bank notes.
- How to invest in a foreign annuity. Earn 12 % tax-free for life. Receive monthly benefit checks tax-free anywhere in the world with full privacy.
- How to setup and use an offshore debit card account without using your name. Use your card to receive cash anywhere in the world through automated tellers.
- Where top offshore money havens are: An A to Z summary.
- How to set up an offshore bank account, corporation, trust or bank.
- 8 economic danger signals that alert you to go offshore.
- How to borrow money offshore below prime rate.
- How to stop lawsuits cold by moving assets offshore.
- How to earn tax-free income offshore for the next 20 years.
- Case histories on file. Success stories of those who've made and saved fortunes.
- How to use offshore havens if your income/assets are substantial or modest.
- How to open a foreign bank account and who to contact.
- How to use the secrets millionaires use to legally reduce or eliminate tax.

Wilshire Publishing, 1601 N. Sepulveda Blvd., Unit 515 • Manhattan Beach, CA 90266-5133

Call Toll Free 1-800-392-8811 in U.S. & Canada

All Other Countries Call 1-310-640-9800, FAX to 1-310-640-3121

Complete coupon and mail at once.

YES, send me Jerome Schneider's *Complete Guide to Offshore Money Havens* at only (U.S.)$29.95 plus (U.S.)$6.95 shipping & handling. I may examine the contents for 30 days and if, for any reason, I am not completely satisfied, I may return it for a complete refund. **(Outside U.S. & Canada: payment by credit card only, add $12.07 shipping & handling)**

☐ Check enclosed, payable to Wilshire Publishing

Charge to ☐ VISA ☐ MasterCard ☐ American Express ☐ Discover

Name _____

Address _____

City _____ State/Prov _____ Zip/Postal Code _____ Country _____

Phone _____ Fax _____

Credit Card No. _____ Exp. Date _____

Signature (credit card orders only) _____

Mail to: **Wilshire Publishing**, 1601 N. Sepulveda Blvd., # 515 • Manhattan Beach, CA 90266-5133

Reason

Prime Time

By Thomas W. Hazlett

Clinton's do-bad TV policy.

OUR PRESIDENT CARES DEEPLY about the fate of Our Children. So astounding is his warmth for the tiny tots that he has gone to bat for parents everywhere by Doing Something about the "vast wasteland" we call children's television. When President Clinton announced that each TV station must now air three hours per week of educational programs for children, the measure was hailed as the greatest tubular leap forward since living color.

But there is another story lurking behind this one that I don't think you're going to want the kids to hear. Send them to bed, and pull up a chair.

The administration's agreement with the broadcasters will do nothing to help America's youth. Let me amend that statement: It will do nothing for the children of people other than Washington lawyers.

One reason that junior's college fund will balloon if his mommy is a member of the communications bar is that broadcasters don't really have to air educational programming—a station gets to farm out its responsibility to other stations (or to substitute other, non-TV types of "public service"). Since the broadcasting industry claims that it already airs over four hours per week of educational kid vid, on average, per station, simply divvying up the responsibility pie satisfies the new "mandate" without even an extra millisecond of *Fat Albert* face time.

Certainly, the Keystone Comedy of federal agents classifying shows as "educational" or "non" is worth the price of admission to this policy charade. Perhaps you watch enough TV to know that, by past FCC decisions, *The Jetsons* and *The Flintstones* are not educational, that *Saved by the Bell* and *The Smurfs* are, and that *Pee Wee's Playhouse* probably is.

But, of course, even this ratings system is a scam. Once a show is rated as "educational," what's to prevent it from switching writers with, say, *Beavis and Butt-Head*? Moreover, who's to say that *The People's Court*, the Olympic Games, or *Jeopardy!* are not child friendly? I believe that any kid who has done some hard time with Judge Wapner would have a healthy respect for right and wrong—and be damned certain never to lose his receipts.

The history of educational TV *is* educational. The hundreds of educational TV licenses distributed by the FCC in the 1950s flopped miserably. Emboldened by this failure, in 1960 the FCC mandated children's educational programming on commercial TV stations at license renewal time.

By 1970, it was obvious that this policy was a joke, and so a new and improved standard for kid vid was imposed. More years passed. By 1990, Congress was so outraged by the failure of regulation that it got tough and enacted the Children's Television Act. By 1995, the FCC's own study concluded that all of these policy initiatives had been wholly unsuccessful—and proposed, of course, doing more of the same.

It really *is* obvious that we are not learning anything from television.

IRONICALLY, THE FCC OFTEN PURSUES POLICIES that *do* materially impact the availability of quality TV for children (and adults), but no one seems to notice. In 1963, when young Mr. Clinton was shaking hands with his hero at the White House, the Kennedy administration was moving decisively to suppress cable TV—the new medium that the powerful broadcasting industry thought a threat to the public interest. We now understand, via a federal deregulation undertaken in the late 1970s, that niche cable TV networks naturally seek to provide fine programming for children. Nickelodeon, the Disney Channel, the Learning Channel, MindExtension University, C-SPAN, CNN, Discovery, A&E, Jones Computer Network, and the History Channel provide imaginative and challenging video for learners of all ages. Lesson: Allow competitive channels, and they will cater to diverse audiences.

Here's the twist ending to this show: The president's kid-vid policy is part of an effort to keep lots—perhaps hundreds—of new video channels *off* the air. Broadcasters, who are willing to give great photo ops to Candidate Clinton in exchange for $11 billion to $70 billion in free digital-TV licenses, don't want any competitors getting access to the huge swatches of unused frequencies in the TV band. These could provide vast new niche competition in the TV marketplace.

Hence, the real bargain struck by the Clinton administration (unopposed, incidentally, by the "radical" Republicans), was a conspiracy in restraint of trade with America's broadcasters. Because the opportunity for many more broadcast competitors has vanished into thin air, so too have real quality improvements in kid vid.

Yet, in five years, the chairman of the FCC will be chief counsel for CBS—or function in some other quasi-lobbying slot—and be teaching his successors in government service about the intricate regulatory system wherein press releases and focus groups now trump the First Amendment of the U.S. Constitution. That's an educational opportunity America's young people should be tuning in to.

Contributing Editor Thomas W. Hazlett (hazlett@primal.ucdavis.edu) teaches economics and finance at the University of California at Davis.

It's shocking what
we do to the environment when
no one's watching.

We continue to protect it. Surprising? Not in the least. From the fragile rain forests of Papua New Guinea to the remote plains of Kazakstan, Chevron maintains some of the world's highest environmental standards. In fact, our efforts, alone and in partnerships with others, have been officially recognized by the United States, the People's Republic of China and Australia. Yet, nice as they are, we don't preserve the environment for awards. We preserve it for the future.

Chevron

People Do.

© 1996 Chevron Corporation

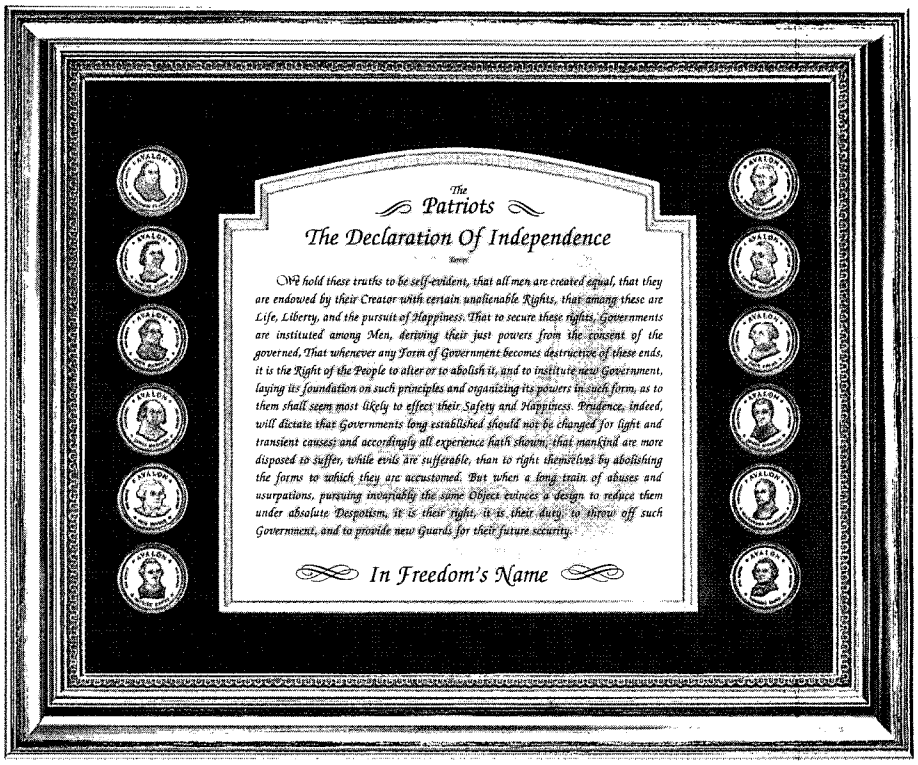
Wouldn't YOU Love To Own...

The conversation piece the world has been talking about for the last 220 years?

PRIDE IN AMERICA

Pride In America is . . .
a limited-edition historical montage featuring 12 pure silver portraits of America's most cherished founders flanking the quintessential excerpt from our powerful Declaration of Independence.

To Read...
"We hold these truths..."
is to be transported back to the dusty days of our nation's beginnings. It is as if the pages of history have parted to reveal Jefferson, Franklin and Adams in a frozen moment of time, as they struggle to perfect their daring manifesto of freedom.


The Patriots
The Declaration Of Independence
We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed, That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness. Prudence, indeed, will dictate that Governments long established should not be changed for light and transient causes; and accordingly all experience hath shewn, that mankind are more disposed to suffer, while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But when a long train of abuses and usurpations, pursuing invariably the same Object evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government, and to provide new Guards for their future security.
In Freedom's Name

Actual Size: 23 5/8" by 19 5/8"

Includes:
One Troy Pound Of Pure Silver!

Earliest Orders Will Get Lowest Numbers

Yours For Only
$199.95
(Plus $9.50 U.P.S. shipping & insurance)

Inaugural Edition Limited To Only 5000

Imagine what impact this potent reminder of our heritage will have upon all who see it. Regardless of our political leanings, do we not all celebrate the courage and foresight with which our founders created a nation committed to human dignity and liberty for all? Display ***your Pride In America*** *for 30 days, and if you don't love your* ***numbered collector's edition*** *of this rare historical masterpiece, we'll buy it back.*

To Order Your Pride In America

The AVALON Mint Inc.
Suppliers Of The Very Finest Gold & Silver To Freedom Lovers Everywhere!

Call Toll Free
1-800-616-4161

Show your pride in America's magnificent heritage — phone in your order today!